

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 26, 2024

Findings Date: July 26, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Micheala Mitchell

Project ID #: J-12514-24

Facility: Parkview Retirement Center

FID #: 920895

County: Lee

Applicant(s): Parkview Retirement Center, Inc.

Oscar and Elderlene Keller Family, LLC

Project: Relocate no more than 40 ACH beds from Oakhaven Home and no more than 12 ACH beds from Oakhaven II for a total of no more than 168 ACH beds

### 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.

NA

Parkview Retirement Center, Inc. and Oscar & Elderlene Keller Family LLC (hereinafter collectively referred to as “Parkview” or “the applicant”) propose to relocate no more than 40 adult care home (ACH) beds from Oakhaven Home, currently licensed for 40 ACH beds, and no more than 12 ACH beds from Oakhaven II, currently licensed for 12 ACH beds, for a total of no more than 168 ACH beds at Parkview Retirement Center. Both Oakhaven Home and Oakhaven II are located in Lee County on the same property. However, neither of the facilities are currently in operation. On October 30, 2023, the remaining residents were relocated to Parkview.

The applicant does not propose to:

- develop any beds or services for which there is a need determination in the 2024 State Medical Facilities Plan (SMFP),
- acquire any medical equipment for which there is a need determination in the 2024 SMFP, or
- offer a new institutional health service for which there are any policies in the 2024 SMFP.

Therefore, Criterion (1) is not applicable to this review.

- (2) Repealed effective July 1, 1987.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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

### **Patient Origin**

On page 179, the 2024 SMFP defines the service area for ACH beds as “... *the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.*” Thus, the service area for this facility is Lee County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

<b>Adult Care Home Beds Historical Patient Origin Last Full FY 01/01/2023-12/31/2023</b>		
<b>Parkview Retirement Center</b>		
<b>County</b>	<b># of Patients</b>	<b>% of Total</b>
Lee	56	94.0%
Chatham	2	3.0%
Harnett	2	3.0%
<b>Total</b>	<b>60</b>	<b>100.0%</b>
<b>Oakhaven Home</b>		
Lee	25	100.0%
<b>Total</b>	<b>25</b>	<b>100.0%</b>
<b>Oakhaven II*</b>		
N/A	N/A	N/A

Source: Section C, page 28

\*Oakhaven II did not serve any residents during the most recent fiscal year.

<b>Parkview Retirement Center Adult Care Home Beds Projected Patient Origin</b>						
<b>County</b>	<b>1<sup>st</sup> Full FY</b>		<b>2<sup>nd</sup> Full FY</b>		<b>3<sup>rd</sup> Full FY</b>	
	<b>01/01/2026- 12/31/2026</b>		<b>01/01/2027- 12/31/2027</b>		<b>01/01/2028- 12/31/2028</b>	
	<b>CY 2026</b>		<b>CY 2027</b>		<b>CY 2028</b>	
	<b># of Patients</b>	<b>% of Total</b>	<b># of Patients</b>	<b>% of Total</b>	<b># of Patients</b>	<b>% of Total</b>
Lee	96	95.0%	118	95.0%	118	95.0%
Chatham	3	2.5%	3	2.5%	3	2.5%
Harnett	3	2.5%	3	2.5%	3	2.5%
<b>Total</b>	<b>101</b>	<b>100.0%</b>	<b>125</b>	<b>100.0%</b>	<b>125</b>	<b>100.0%</b>

Source: Section C, page 29

In Section C, page 29, the applicant provides the assumptions and methodology used to project its patient origin. On page 29, the applicant states that projected patient origin is based on the historical patient origin for the Oakhaven facilities and Parkview. The applicant’s assumptions are reasonable and adequately supported. The applicant is proposing to relocate ACH beds within Lee County. It is reasonable to assume the Parkview’s patient origin would be consistent with the Oakhaven facilities.

**Analysis of Need**

In Section C, pages 31-35, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The relocation of the ACH beds will maintain ACH bed capacity in Lee County because the proposal will not change the ACH bed inventory.
- The applicant is proposing to develop new and modern spaces at Parkview to accommodate the relocated ACH beds and leverage existing resources and infrastructure, thereby minimizing cost while enhancing quality care for ACH patients.
- The majority of Oakhaven’s patients were Medicaid recipients. The applicant’s proposal will maintain access to ACH services in Lee County for the medically underserved.
- The projected population growth of individuals 65 and older in Lee County, according to the North Carolina Office of State Budget and Management (NCOSBM).
- The increase in Lee County life expectancy also increases the likelihood of health conditions that warrant the need for ACH services.

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

- The applicant adequately demonstrates how its proposal will enhance quality of care for ACH patients while maximizing healthcare value for resources expended.
- The applicant provides credible information on the changes in life expectancy in Lee County that support the need to maintain ACH capacity in the service area.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth and aging in the service area and the need to maintain ACH bed capacity.

Projected Utilization

In Section Q, page 86, the applicant provides historical and projected utilization, as illustrated in the following tables.

<b>Parkview Retirement Center Historical and Interim Utilization</b>			
	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025</b>
Total # of Beds	116	116	116
# of Patient Days	21,733	27,193	27,193
Occupancy rate	51.3%	64.2%	64.2%

<b>Parkview Retirement Center Projected Utilization</b>			
	<b>CY2026</b>	<b>CY2027</b>	<b>CY2028</b>
Total # of Beds	168	168	168
# of Patient Days	36,818	45,443	45,443
Occupancy rate	60.0%	74.1%	74.1%

In Section C, page 87, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant begins with the historical and interim utilization for CY2023 and CY2024. CY2023 represents days of care for three months to include the 20 patients that transferred from the Oakhaven facilities to Parkview in October 2023. CY2024 represents days of care for the total calendar year with an additional 20 residents. The applicant assumes that CY2025 will be consistent with CY2024.
- The applicant states that Oakhaven primarily served Medicaid patients. The applicant assumes that the ACH beds will be well-utilized by Medicaid recipients based on Oakhaven's historical payor mix and the applicant's goal to maintain access to services so that Medicaid recipients can remain in their communities.
- The applicant assumes a utilization ramp-up period for the first three years of the project based on the applicant's experience with operating adult care homes and the projected growth and aging of the population in Lee County.
- The applicant projects an admission of one resident per week for the first 50 weeks of the project based on the assumption that the newly built modern spaces to accommodate the relocated beds will be preferable and highly desirable.

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

- The applicant does not propose to add any new ACH beds in Lee County. The applicant proposes to relocate existing but unutilized ACH beds within Lee County.
- The applicant provides credible population data regarding the need to maintain ACH bed capacity in Lee County.
- The applicant relied on the facility's most recent historical experience to project fill-up data, patient days, and occupancy rate.
- The applicant accounted for the need to relocate the beds to project utilization based on the need to continue the applicant's commitment to serve the Medicaid population.

### **Access to Medically Underserved Groups**

In Section C, page 40, the applicant states:

*“Parkview will continue to provide access for medically underserved and will afford equal treatment and access to its services for all persons, without discrimination due to race, color, religion, sex, age, 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 each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	50.6%
Racial and ethnic minorities	43.0%
Women	69.6%
Persons with Disabilities	100.0%
The elderly	100.0%
Medicare beneficiaries	0.0%
Medicaid recipients	50.6%

Source: Section C, page 40

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 based on the following:

- The applicant is proposing to relocate ACH beds that were primarily occupied by Medicaid recipients within the same county and is committed to reserving access to ACH beds for the underserved.
- The applicant provides written statements demonstrating that it will offer access to all residents of the service area, including underserved groups.

### **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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

In Section D, page 45, 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, as summarized below.

- The financial requirements for renovation and bringing the facility up to current standards would not be financially feasible.
- Both facilities were officially closed on October 30, 2023, and any remaining residents were transferred to other facilities.
- There is no impact on the ability of the medically underserved to obtain ACH services in Lee County or at Parkview. Transfer of the ACH beds will ensure access to Medicaid residents in the service area and surrounding counties.

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

- The applicant is proposing to transfer beds within Lee County that are not utilized by any residents. Therefore, there is no reduction of ACH beds within the service area.
- The applicant's proposal to transfer the beds to Parkview will enhance access to services, particularly among Medicaid recipients, who were the majority of Oakhaven's residents.

### **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 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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

In Section E, pages 50-51, 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 maintaining the status quo is not a viable option because as the service area continues to grow and age, there is a need to preserve access to the ACH beds in Lee County.

**Replacing the Existing Oakhaven Facilities**-The applicant states that the financial requirements for renovation and bringing the facilities up to current standards would not be financially feasible. It would be more cost effective to leverage existing assets by constructing an addition to the existing Parkview facility.

On pages 50-51, the applicant states that its proposal is the most effective alternative because it will maintain access to the ACH beds for service area residents while reducing costs by developing the beds in an existing facility.

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 applicant provides reasonable 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

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. Parkview Retirement Center, Inc. and Oscar & Elderlene Keller Family LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall relocate no more than 40 ACH beds from Oakhaven Home and no more than 12 ACH beds from Oakhaven II to Parkview Retirement Center in Lee County.**
- 3. Upon completion of this project, Parkview Retirement Center shall be licensed for no more than 168 adult care home beds.**



4. **The certificate holder shall certify at least 50 percent of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid and provide care to those recipients commensurate with representations made in the application.**
  5. **For the first two years of operation following completion of the project, the certificate holder 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.**
  6. **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. **The first progress report shall be due on February 3, 2025.**
  7. **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.**
  8. **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.

C

The applicant proposes to relocate no more than 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

#### **Capital and Working Capital Costs**

In Section Q, page 91, the applicant projects the total capital cost of the project, as shown in the table below.

<b>Projected Capital Cost</b>			
	Oscar & Elderlene Keller Family LLC	Parkview Retirement Center, Inc.	Total
Site Preparation	\$50,000	\$500,000	\$550,000
Construction/Renovation Contract(s)	\$3,785,625		\$3,785,625
Architect/Engineering Fees	\$150,000		\$150,000
Medical Equipment	\$25,000		\$25,000
Non-Medical Equipment	\$20,000		\$20,000
Furniture	\$50,000		\$50,000
Interest	\$220,000		\$220,000
<b>Total</b>	<b>\$4,300,625</b>	<b>\$500,000</b>	<b>\$4,800,625</b>

In Section Q, page 99, 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 projected capital costs such as medical and non-equipment, and furniture, based on the applicant’s experience operating ACH facilities.
- Site prep, construction, and architect and engineering fees are based on the architect’s estimates. The applicant provided supporting documentation in Exhibit K.3.

In Section E, page 54, the applicant states there will be no start-up costs or initial operating expenses because the project involves expanding an existing ACH facility.

**Availability of Funds**

In Section E, page 52, the applicant states that the capital cost will be funded as shown in the table below.

<b>Sources of Capital Cost Financing</b>			
Type	Oscar & Elderlene Keller Family LLC	Parkview Retirement Center, Inc.	Total
Loans	\$0	\$0	\$0
Accumulated reserves or OE *	\$500,000	\$4,300,625	\$4,800,625
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$500,000	\$4,300,625	\$4,800,625

\* OE = Owner’s Equity

In Exhibit F.2, the applicant provides a letter from Dogwood State Bank stating its willingness to finance a loan to Oscar and Elerdelene Keller Family, LLC, for the purpose of financing a portion of the project. Exhibit F.2 contains an additional letter from Dogwood State Bank stating that Parkview Retirement Center, Inc., has sufficient funds available to finance the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project because the applicant provides sufficient documentation of its ability to obtain financing from two sources for the projected capital cost.

### **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.

<b>Parkview Retirement Center</b>	<b>1<sup>st</sup> Full Fiscal Year</b>	<b>2<sup>nd</sup> Full Fiscal Year</b>	<b>3<sup>rd</sup> Full Fiscal Year</b>
	<b>CY2026</b>	<b>CY2027</b>	<b>CY2028</b>
# of Patient Days	36,818	45,443	45,443
Gross Revenue	\$5,268,108	\$6,476,311	\$6,597,276
Net Revenue	\$5,228,597	\$6,427,738	\$6,547,796
Average Net Revenue per Patient Day	\$142	\$141	\$144
Operating Costs	\$4,309,404	\$4,830,834	\$4,970,757
Average Operating Costs per Patient Day	\$117	\$106	\$109
<b>Income</b>	<b>\$919,193</b>	<b>\$1,596,904</b>	<b>\$1,577,039</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2b and F.3b 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 provides appropriate funding for line items such as salaries on Form F.3b and includes the assumptions and methodology used in projecting the operating expenses found on Form F.3b.
- The applicant provides the details of projected rates for future ACH residents on Form F.4 and includes the assumptions and methodology used in calculating the resident rates found on Form F.4.
- 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

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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

On page 179, the 2024 SMFP defines the service area for ACH beds as “... *the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.*” Thus, the service area for this facility is Lee County. Facilities may also serve residents of counties not included in their service area.

Table 11A on page 196 of the 2024 SMFP shows a total of 323 existing ACH beds in six existing ACH facilities in Lee County. The table below summarizes the existing facilities and ACH beds as shown in the 2024 SMFP.

<b>Lee County Inventory of Existing/Approved ACH Beds</b>			
<b>Facility</b>	<b># of Beds</b>	<b>CON Adjustments</b>	<b>Planning Inventory</b>
Oakhaven Home	40	0	40
Oakhaven II	12	0	12
Parkview Retirement Center	116	0	116
Sanford Manor	85	0	85
Sanford Senior Living	50	0	50
Westfield Rehabilitation and health Center	20	0	20
<b>Total</b>	<b>323</b>	<b>0</b>	<b>323</b>

Source: 2024 SMFP

In Section G, page 61, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ACH services in Lee County. The applicant states:

*“The Applicants’ proposed relocation of 52 ACH beds from Oakhaven Home and Oakhaven II, respectively, to Parkview within Lee County will not result in the unnecessary duplication of ACH beds or services in Lee County. This Application proposes not to duplicate ACH beds but to relocate existing ACH beds from the identified facilities, where they are currently unutilized to new, modernized spaces on the Parkview campus. The project will ensure that ACH beds will be available for the rapidly growing aging population and Medicaid recipients in the service area. This will be accomplished without duplicating any existing or approved ACH beds.”*

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 not result in an increase in ACH bed licensed but because the applicant is proposing to transfer existing ACH beds that are currently not operational.
- The applicant’s proposal will meet the need to enhance access to ACH services as the population grows and ages.
- The applicant adequately demonstrates that the proposed ACH beds are needed in addition to the existing or approved ACH beds.

### **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.

- (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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

In Section Q, page 97, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Parkview Retirement Center	Projected FTE Staff			
	Current staff as of 04/01/2024	1 <sup>st</sup> Full FY CY 2026	2 <sup>nd</sup> Full FY CY 2027	3 <sup>rd</sup> Full FY CY 2028
Registered Nurses	1.0	1.5	1.5	1.5
Licensed Practical Nurses	3.0	4.0	4.0	4.0
Certified Nurse Aides	40.0	45.0	50.0	50.0
Staff Development Coordinator	1.0	1.5	1.5	1.5
Cooks	2.0	3.0	3.0	3.0
Dietary Aides	5.0	6.0	6.0	6.0
Activities Director	1.5	2.0	2.0	2.0
Laundry and Linen	2.0	2.5	2.5	2.5
Housekeeping	6.0	6.5	6.5	6.5
Administrator	2.0	2.0	2.0	2.0
Business Office	4.0	4.0	4.0	4.0
Clerical	3.0	3.5	3.5	3.5
Maintenance/Environment	2.0	2.5	2.5	2.5
<b>TOTAL</b>	<b>72.5</b>	<b>84.0</b>	<b>89.0</b>	<b>89.00</b>

The assumptions and methodology used to project staffing are provided in Section Q, page 99. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 62-63, 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:

- The applicant is an existing employer in Lee County and has a history of recruiting and retaining staff.
- The applicant initiates strategies to recruit and retain staff such as offering a comprehensive benefit package, opportunities for advancement, and employee participation in the operation of the facility.
- All staff are required to participate in new employee orientation and in service education.

**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.

- (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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

#### **Ancillary and Support Services**

In Section I, page 64, the applicant identifies the necessary ancillary and support services for the proposed services. On page 64, 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 because the applicant is proposing to transfer the ACH beds to an existing facility with ancillary and support services already in place.

#### **Coordination**

In Section I, page 65, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because Parkview is an existing provider in the service area with established relationships with health care and social service providers in the area, such as hospitals and physician practices.

#### **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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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 relocate no more than 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.



In Section K, page 67, the applicant states that the project involves constructing 16,825 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 68, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- To estimate cost, the applicant used construction cost data and the architect's experience designing and constructing similar projects.
- In Exhibit K.3, the applicant provides a cost certification letter from the project's architect.

On page 68, 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 applicant states that the relocation of the ACH beds will ensure adequate access to ACH services.
- The project will not increase costs to the applicant because Medicaid and private pay contracts fees are already established.

On page 68, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit K.3.

### **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.

- (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;

The applicant is proposing to transfer the ACH beds from two facilities that officially closed October 30, 2023. In Section L, page 71, the applicant provides the historical payor mix for Parkview Retirement Center during CY2023 for the proposed services, as shown in the table below.

<b>Parkview Retirement Center Historical Payor Mix 01/01/2023-12/31/2023</b>	
<b>Payor Category</b>	<b>Percent of Total</b>
Self-Pay	73.2%
Charity Care	0%
Medicare*	0%
Medicaid*	26.8%
Insurance*	0%
Workers Compensation	0%
TRICARE	0%
Other	0%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

In Section L, page 73, the applicant provides the following comparison.

<b>Parkview Retirement Center</b>	<b>Percentage of Total Patients Served by the Facility or Campus during the Last Full FY</b>	<b>Percentage of the Population of the Service Area</b>
Female	69.6%	50.7%
Male	30.4%	49.3%
Unknown		
64 and Younger	0.0%	82.7%
65 and Older	100.0%	17.3%
American Indian		1.4%
Asian		1.6%
Black or African American	25.0%	19.4%
Native Hawaiian or Pacific Islander		0.2%
White or Caucasian	75.0%	74.5%
Other Race		
Declined / Unavailable		

\*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>. Just enter in the name of the county.

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 74, the applicant states that the facility is not obligated to provide uncompensated care, community service or access by minorities and persons with disabilities.

In Section L, page 74, the applicant states that they are not aware that any patient civil rights access complaints have been filed against Parkview, Oakhaven, or Oakhaven II during the 18 months immediately preceding the application deadline.

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 75, 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.

<b>Parkview Retirement Center Projected Payor Mix 3<sup>rd</sup> Full FY, CY 2028</b>	
<b>Payor Category</b>	<b>Percent of Total</b>
Self-Pay	49.4%
Charity Care	0%
Medicare*	0%
Medicaid*	50.6%
Insurance*	0%
Workers Compensation	0%
TRICARE	0%
Other	0%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 49.4% of total services will be provided to self-pay patients and 50.6% to Medicaid patients.

On page 75, 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 based on the following:

- The historical payor mix of Parkview Retirement Center and the two Oakhaven facilities.
- The applicant assumes that most of the relocated ACH beds will be filled by Medicaid recipients, which is consistent with the Oakhaven facilities' historical experience.

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.

In Section L, page 77, 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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

In Section M, page 78, 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 following:

- Parkview has an established relationship with Central Carolina Community College for health professional training.
- The applicant provides supporting documentation in Exhibit M.1; a letter from the Central Carolina Community College documenting the partnership.

**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 40 ACH beds from Oakhaven Home, and no more than 12 ACH beds from Oakhaven II, for a total of no more than 168 ACH beds at Parkview Retirement Center.

On page 179, the 2024 SMFP defines the service area for ACH beds as “... *the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.*” Thus, the service area for this facility is Lee County. Facilities may also serve residents of counties not included in their service area.

Table 11A on page 196 of the 2024 SMFP shows a total of 323 existing ACH beds in six existing ACH facilities in Lee County. The table below summarizes the existing facilities and ACH beds as shown in the 2024 SMFP.

<b>Lee County Inventory of Existing/Approved ACH Beds</b>			
<b>Facility</b>	<b># of Beds</b>	<b>CON Adjustments</b>	<b>Planning Inventory</b>
Oakhaven Home	40	0	40
Oakhaven II	12	0	12
Parkview Retirement Center	116	0	116
Sanford Manor	85	0	85
Sanford Senior Living	50	0	50
Westfield Rehabilitation and health Center	20	0	20
<b>Total</b>	<b>323</b>	<b>0</b>	<b>323</b>

Source: 2024 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 79, the applicant state:

*“The proposed project is expected to have a positive effect on competition in the service area. Developing the beds in new, modern spaces on the Parkview campus not only maintains bed availability but also enhances the quality and appeal of local facilities. This improvement in quality can set a benchmark for other facilities in the area, encouraging them to upgrade their services and amenities to remain competitive.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 79, the applicant states:

*“The proposed project is cost effective. The co-applicant owns the land and building where the ACH beds will be relocated and developed. Rather than acquiring new property, the project will leverage existing assets, reducing initial investment costs. Moreover, by constructing an addition to the existing Parkview facility, the proposed beds can share existing ancillary and support services. This strategic decision capitalizes on existing infrastructure, such as utilities and administrative resources, thereby minimizing the need for additional expenditure on new facilities.”*

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

Regarding the impact of the proposal on quality, in Section N, page 79, the applicant states:

*“...developing the beds in new, modern spaces on the Parkview campus not only maintains bed availability but also enhances the quality and appeal of local facilities. This improvement in quality can set a benchmark for other facilities in the area, encouraging them to upgrade their services and amenities to remain competitive.”*

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 80, the applicant states:

*“Parkview will continue to offer equal treatment and access to its services for all people, without discrimination due to race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, genetic information, or marital status.”*

See also Sections 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 O, page 98, the applicant identifies the adult care homes located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of three of these types of facility located in North Carolina.

In Section O, page 82, the applicant states that, during the 18 months immediately preceding the submittal of the application, situations resulting in a finding of immediate jeopardy had not occurred in any of these facilities. According to the files in the Adult Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Adult Care Licensure Section and considering the quality of care provided at all three 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 40 existing ACH beds from Oakhaven Home and 12 existing ACH beds from Oakhaven II. Both facilities are not operational. The Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100 are not applicable to this



review because the applicant does not propose to develop either nursing home facility beds or adult care home beds pursuant to a need determination.