

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 14, 2024

Findings Date: May 14, 2024

Project Analyst: Crystal Kearney

Co-Signer: Mike McKillip

Project ID #: F-12470-24

Facility: Briar Creek Health Center

FID #: 170065

County: Mecklenburg

Applicants: Charlotte SP Senior Housing OPCO, LLC
Charlotte SP Senior Housing PROPCO, LLC

Project: Develop no more than 22 ACH beds pursuant to Policy LTC-1 for a total of no more than 130 ACH beds and no more than 6 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

Charlotte SP Senior Housing OPCO, LLC and Charlotte SP Senior Housing PROPCO, LLC (hereinafter collectively referred to as “the applicant”) proposes to develop 22 adult care home beds pursuant to Policy LTC-1 in the 2024 State Medical Facilities Plan (SMFP), for a total of 6 nursing facility (NF) and 130 adult care home (ACH) beds at Briar Creek Health Center upon project completion.

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 2024 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2024 SMFP which is applicable to this review: *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds.*

Policy LTC-1

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds on page 25 of the 2024 SMFP states:

“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for adult care without regard to the adult care home bed need shown in Chapter 11: Adult Care Homes. To qualify for such exemption, applications for certificates of need shall document that the proposal meets all the following requirements:

- 1. will only be developed concurrently with, or subsequent to, construction on the same site of independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms.*
- 2. will provide for the provision of nursing services, medical services or other health related services as required for licensure by the North Carolina Department of Insurance.*
- 3. will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- 4. reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*
- 5. will not participate in the Medicaid program or serve State-County Special Assistance recipients.*

One hundred percent of the adult care home beds developed under this exemption shall be excluded from the inventory used to project adult care home bed need for the general population. Certificates of need issued under policies analogous to this policy in the

North Carolina State Medical Facilities Plans subsequent to the North Carolina 2002 State Medical Facilities Plan are automatically amended to conform with the provisions of this policy at the effective date of this policy.”

In Section B, pages 24-25, the applicant provides responses that adequately demonstrate conformance with the requirements of Policy LTC-1.

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 because the applicant adequately demonstrates that the proposal is consistent with Policy LTC-1, based on the following reasons:

- The applicant adequately documents its plan for developing the proposed adult care home beds to be used exclusively to meet the needs of its independent living (IL) residents.
- The applicant adequately documents that it will provide for the provision of nursing services, medical services, or other health related services as required for licensure by the North Carolina Department of Insurance.
- The applicant adequately documents the number of ACH beds required to meet the current and projected needs of residents with whom the facility has an agreement to provide continuing care.
- The applicant adequately documents that the proposed additional ACH beds will not be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.

(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 develop no more than 22 ACH beds pursuant to Policy LTC-1 for a total of no more than 130 ACH beds and no more than 6 NF beds upon project completion. Briar Creek Health Center, which is part of the Barclay at SouthPark continuing care retirement community (CCRC), is currently licensed for 22 NF beds and 108 ACH beds. On page 30 of the application, the applicant describes the project as follows:

“The Applicants propose to convert 16 skilled nursing beds to 16 assisted living beds in addition to adding 6 assisted living beds pursuant to Policy LTC-1 of the 2024 SMFP for a total of 130 ACH beds and 6 SNF beds at project completion.”

Patient Origin

On page 179, the 2024 SMFP defines the service area for adult care home beds as “the county in which the adult care home bed is located.” Thus, the service area for this proposal is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

Briar Creek Health Center Historical Patient Origin		
Last Full FY		
10/01/2022-09/30/2023		
County	# of patients	% of Total
ACH Beds		
Iredell	2	2.94%
Mecklenburg	40	58.82%
Nash	1	1.47%
South Carolina	3	4.41%
Unknown	21	30.88%
Wake	1	1.47%
Total	68	100%

Source: Section C, pages 26-27

Briar Creek Health Center Historical Patient Origin		
Last Full FY		
10/01/2022-09/30/2023		
County	# of patients	% of Total
SNF Beds		
Brunswick	1	0.34%
Cabarrus	3	1.02%
Gaston	2	0.68%
Iredell	3	1.02%
Lincoln	1	0.34%
Mecklenburg	224	75.93%
South Carolina	21	7.12%
Stanly	1	0.34%
Union	12	4.07%
Unknown	24	8.14%
Wake	2	0.68%
Wilkes	1	0.34%
Total	30	100.00%

Source: Section C, page 27

Briar Creek Health Center		
Last Full FY 10/01/2022-09/30/2023		
Entire Facility or Campus		
County	# of patients	% of Total
Brunswick	1	0.28%
Cabarrus	3	0.83%
Gaston	2	0.55%
Iredell	5	1.38%
Lincoln	1	0.28%
Mecklenburg	264	72.73%
Nash	1	0.28%
South Carolina	24	6.61%
Stanly	1	0.28%
Union	12	3.31%
Unknown	45	12.40%
Wake	3	0.83%
Wilkes	1	0.28%
Total	363	100.00%

Source: Section C, pages 27- 28

Briar Creek Health Center Projected Patient Origin						
County	1 st Full FY CY 2025		2 nd Full FY CY 2026		3 rd Full FY CY 2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
ACH Beds						
Mecklenburg	102	90.27%	122	90.98%	122	90.98%
South Carolina	5	4.42%	6	4.92%	6	4.92%
Others *	6	5.31%	5	4.10%	5	4.10%
Total	113	100.00%	122	100.00%	122	100.00%
SNF Beds						
Mecklenburg	38	100.00%	38	100.00%	38	100.00%
Total	38	100.00%	38	100.00%	38	100.00%

Source: Section C, pages 28-29

Applicant states, "Others "include Iredell, Cabarrus, Stanley, and Union counties.

In Section C, page 28, the applicant provides the assumptions and methodology used to project its patient origin. On page 28, the applicant states:

While the Applicants have projected a comparable patient origin as the data that the 2023 reports display, the Applicants believe they will serve a greater portion of Mecklenburg County residents than the current average due to the need/demand details ... While the SNF beds will remain as licensed Open to the public, we will only be serving residents from within the CCRC in them. Therefore, they would be residents of Mecklenburg County at the time of their need for healthcare services...After further due diligence into the details of the license renewal application, the individuals listed under "Unknown" are assumed to be from Mecklenburg County. Therefore, this would raise the last full FY numbers from Mecklenburg County of AL

and SNF to 89.70% and 84.07%, respectively.”

Briar Creek Health Center Entire Facility or Campus						
	1st Full FY CY2025		2nd Full FY CY2026		3rd Full FY CY2027	
County	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Mecklenburg	140	92.72%	149	93.13%	149	93.13%
South Carolina	5	3.31%	6	3.75%	6	3.75%
Others *	6	3.97%	5	3.13%	5	3.13%
Total	151	100.00%	160	100.00%	160	100.00%

Source: Section C, page, 29

*Applicant states “Others” include Iredell, Cabarrus, Stanley, Union counties.

Analysis of Need

In Section C, page 30, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The applicant states that Briar Creek proposal was created as a result of several factors that relate to the needs of SouthPark patients projected to utilize the ACH beds for the proposed project Mecklenburg County’s growing population.
- The applicant states that the proposal for the application will optimize the allocation of healthcare resources by adapting the facility to better match the actual demand for different levels of care.
- The applicant states that based on Liberty’s history and expertise operating CCRC’s throughout North and South Carolina, there is evolving preferences and trends in senior care for assisted living over skilled nursing in Continuing Care Retirement Communities (CCRCs).
- The applicant states that the proposed project will create 3 semi-private NF rooms (6 beds) and 3 additional semi-private ACH rooms. Creating semi-private rooms can offer several benefits, both for residents and the facility.
- The applicant states that while semi-private rooms offer various benefits, it's important to consider individual preferences and needs. Some residents may prioritize privacy and are willing to pay for private rooms. Therefore, offering a mix of accommodation options allows the facility to cater to a diverse resident population.

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

- The facility’s historical occupancy rate for NH and ACH beds in comparison to the amount of available beds demonstrates a possible deficit of beds in the future.
- The proposed 22 ACH beds are part of a larger expansion project that will allow the facility to continue to meet the needs of current and future residents.

Projected Utilization

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

Briar Creek Health Center Historical and Interim Years Nursing Facility and Adult Care Home Beds		
	Last Full FY	Interim Full FY
	CY 2023	1/1/2024- 4/1/2024
NF- All Beds		
# of Beds	22	6
# of Admissions	281	69
# of Patient Days	6,621	1637
Average Length of Stay	23.56	23.72
Occupancy Rate	82.5%	74.7%
ACH- All Beds		
# of Beds	108	108
# of Admissions	76	97
# of Patient Days	28,228	36,140
Average Length of Stay	371.42	372.58
Occupancy Rate	71.6%	91.7%

Source: Section Q, page 84, Form C.1a

Briar Creek Health Center Projected Health Service Facility Bed Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY2025	CY2026	CY2027
NF All Beds			
# of Beds, including all those SCU	6	6	6
# of Admissions	38	38	38
# of Patient Days	913	913	913
Average Length of Stay	24.03	24.03	24.03
Occupancy Rate	41.7%	41.7%	41.7%
ACH- All Beds			
# of Beds	130	130	130
# of Admissions	113	122	122
# of Patient Days	42,175	45,370	45,370
Average Length of Stay	373.23	371.89	371.89
Occupancy Rate	88.9%	95.6%	95.6%

Source: Section Q, page 85, Form C.1b

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

- The applicant is projecting to remove 16 of the 22 nursing home beds from operation.
- The applicant states that the SNF beds will be serving residents from within the CCRC.
- The applicant states that historical usage trends of CCRC residents utilizing SNF beds shows 6 SNF beds would be sufficient to meet the demand of the Barclay residents.

- The applicant projects an average daily census of 2.5 residents in the NF beds in the beds on average being occupied. However, the additional capacity to 6 will allow any spike in occupancy without having to transfer any residents off-site.
- The applicant proposes the facility can cater to residents who require a higher level of care than what is typically provided in a standard assisted living setting by converting nursing facility beds to assisted living beds and adding additional assisted living beds.

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

- Projected utilization is based upon, and supported by, the historical utilization of the NF and ACH beds and the decrease in the number of available NF beds within Briar Creek Health Center.
- The applicant projects that upon completion of the project, utilization of the NF beds will remain constant for the first three years of the project based on the historical utilization at the facility.

Access to Medically Underserved Groups

In Section C, page 38, the applicant states the services provided are non-restrictive with respect to race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry, or disability. On page 39, the applicant provides the following table:

Group	Estimated Percentage of Total Patients during the Third Full Fiscal Year
Low income persons	N/A*
Racial and ethnic minorities	N/A*
Women	67.3%
Persons with disabilities	N/A*
Persons 65 and older	100%
Medicare beneficiaries	2%
Medicaid recipients	N/A*

Source: Section C, page 39

*The applicant states, "Briar Creek does not track the income/race/ethnicity/disability status of its residents."

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 states all medically underserved groups except Medicaid recipients will be served.
- The applicant will continue to have a policy to provide healthcare services to all CCRC residents in need of such care regardless of 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.

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.

- (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 reduce the number of NF beds at Briar Creek Health Center from 22 beds to 6 beds upon project completion. In Section D, page 43 of the application, the applicant states,

“In the proposed conversion of 16 skilled nursing beds to 16 assisted living beds, along with the addition of 6 assisted living beds pursuant to Policy LTC-1, it's crucial to outline how the needs of the patients continuing to use the facility will be met following the reduction of NF services:

- 1. Maintaining Skilled Nursing Services: • The conversion does not imply a reduction in the availability of essential skilled nursing services. Briar Creek will remain committed to maintaining skilled nursing care for residents who require more intensive medical attention.*
- 2. Preserving Rehabilitation Programs: • Rehabilitation programs, including physical therapy, occupational therapy, and other specialized services, will continue for residents who need them. The conversion does not compromise access to essential rehabilitation services.*
- 3. Ensuring Medical Oversight: • Medical oversight and management will be preserved within the skilled nursing component. The presence of qualified healthcare professionals, such as registered nurses or nurse practitioners, will continue to address the medical needs of residents requiring skilled nursing care.*
- 4. Quality Monitoring and Feedback Mechanisms: • Briar Creek will continue establishing systems for quality monitoring and gather feedback from residents and their families. Briar Creek will use this information to make ongoing improvements and adjustments to ensure that the conversion effectively meets the diverse needs of its residents.*
- 5. Enhanced Assisted Living Services: • The assisted living beds will be enhanced to meet the healthcare needs of the residents. This may include expanded wellness*

programs, social activities, and other healthcare services incorporated to align and promote a person-centered care approach.”

In Section Q, page 85 of the application, the applicant provides the following table showing the projected utilization of the NF beds remaining at Briar Creek Health Center.

Briar Creek Health Center	1st Full FY CY 2025	2nd Full FY CY 2026	3rd Full FY CY 2027
Nursing Facility Beds			
Total # of NF Beds	6	6	6
# of Admissions	38	38	38
# of Patient Days	913	913	913
Average Length of Stay	24.03	24.03	24.03
Occupancy Rate	41.7%	41.7%	41.7%

As shown in the table above, the applicant projects the average annual occupancy rate of the six remaining NF beds at Briar Creek Health Center will be 41.7% in each of the first three operating years following completion of the project.

Access to Medically Underserved Groups

In Section D, page 38 of the application, the applicant states,

“Services provided are non-restrictive with respect to race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry, or disability...Briar Creek will continue to have a policy to provide healthcare services to all CCRC residents in need of such care regardless of 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 adequately demonstrates that the needs of medically underserved groups will be adequately met following completion of the project based the applicant’s history of providing access to those groups as described above.

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 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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

In Section E, page 47, 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 applicant states the only alternative considered was maintaining the status quo. On page 47, the applicant states,

“However, maintaining the status quo would not be the most effective alternative for several reasons:

- *Evolving Healthcare Landscape: • As discussed in Section C, the healthcare landscape is dynamic, with constant advancements in care delivery models. Maintaining the status quo may lead to a lack of adaptation to new and improved methods of healthcare delivery, potentially hindering the quality of care.*
- *Changing Patient Demographics and Needs: • As discussed in Section C, Patient demographics and healthcare needs evolve over time. The status quo would not align with the changing needs of the population, such as shifts in age demographics, prevalence of specific health conditions, or changes in healthcare preferences.*
- *Community and Patient Expectations: • Patient expectations and community preferences have shifted over time. The status quo does not align with changing expectations for personalized, patient-centered care or community-specific healthcare services.*
- *Financial Sustainability: • The financial landscape of healthcare has changed, influenced by factors such as reimbursement models, funding sources, and economic conditions. This proposal presents opportunities for financial sustainability and adaptability.*
- *Community Engagement and Input: • Engaging with the community and incorporating their input is essential in healthcare planning. The status quo would not reflect the changing needs and preferences of the community, making alternative methods more responsive to community expectations.”*

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need.

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. Charlotte SP Senior Housing OPCP, LLC and Charlotte SP Senior Housing PROPCO, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop no more than 22 adult care home beds pursuant to Policy LTC-1 for a total of no more than 6 nursing facility beds and 130 adult care home beds upon project completion.**
- 3. The Policy LTC-1 adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 4. The Policy LTC-1 adult care home beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing or adult care unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 5. The new Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units.**
- 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 December 1, 2024.**

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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Form F.1a Capital Cost	Applicant 1 Charlotte SP Senior Housing OPCO, LLC	Applicant 2 Charlotte SP Senior Housing PRUPCO, LLC
Construction/Renovation (Contracts)	\$0	\$250,000
Architect/ Engineering Fees	\$0	\$200,000
Furniture	\$0	\$125,000
Other (Contingency)	\$0	\$ 57,500
Other (Permits and Fees)	\$0	\$ 25,000
Total Capital Cost	\$0	\$657,500

In Section Q, 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 because it is based on the applicant's prior development and conversion experience.

In Section F, page 50, the applicant states that there will be no working capital costs associated with this project because Briar Creek Health Center is an existing and currently operating facility. Therefore, this proposal will not involve any start-up expenses or an initial operating period.

Availability of Funds

In Section F, page 49 of the application, the applicant states the \$657,500 in capital costs will be funded by accumulated reserves of the applicant. In Exhibit F.2, the applicant provides a February 7, 2024, letter signed by the Manager for the applicant confirming the proposal capital cost of the project will be funded by accumulated reserves.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the documentation provided in Exhibit F.2 of the application.

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.

Projected Revenues and Expenses Briar Creek Health Center	1st Full FY CY 2025	2nd Full FY CY 2026	3rd Full FY CY 2027
Total Patient Days (NF and ACH beds)	43,088	46,283	46,283
Total Gross Revenues (Charges)	\$14,224,393	\$15,983,023	\$16,765,110
Total Net Revenue	\$14,310,761	\$16,055,748	\$16,838,824
Average Net Revenue per Patient days	\$332	\$347	\$364
Total Operating Expenses (Costs)	\$9,653,509	\$10,305,201	\$10,649,670
Average Operating Expense per Patient days	\$224	\$223	\$230
Net Income	\$4,657,252	\$5,750,547	\$6,189,154

Source: Section Q, page 94, Form F.2b

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 adequately explains the assumptions used to project revenue, such as projected self-pay revenue, and operating costs, such as salaries.
- 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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

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

On pages 197-198 of the 2024 SMFP, Table 11A documents that there is a total of 50 existing or approved facilities in Mecklenburg County that offer or will offer ACH services that are available to the general population. Based on the data reported in Table E, page on pages 217-218, Briar Creek Health Center has a total of 108 ACH beds, all which are Policy LTC-1 beds and excluded from the total planning inventory.

In Section G, page 57, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved adult care home services in Mecklenburg County. The applicant states:

“Chapter 11, Adult Care Home, of the 2024 SMFP excludes 100% of the beds developed as part of a qualified continuing care retirement community (CCRC), including those developed before enactment of Policy LTC-1. ACH beds developed pursuant to Policy LTC-1 will be used exclusively by people with whom the CCRC has contracts for continuing care.”

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 applicant adequately documenting that the 22 ACH beds will be used exclusively by individuals who already reside at the CCRC.

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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

In Section Q, page 105, 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 2/7/2024	2nd Full Fiscal Year CY2026
Registered Nurses	0.4	0.4
Licensed Practical Nurses	13.5	11
Certified Nurse Aides/Nursing Assistants	35.9	34.5
Director of Nursing	1.0	1.0
Assistant Director of Nursing	0.0	0.0
MDS Nursing	1.0	0.0
Staff Development Coordinator	1.0	0.0
Physical Therapists	2.3	0.2
Physical Therapy Assistant	2.0	0.0
Speech Therapists	0.6	0.1
Occupational Therapists	1.2	0.2
Social Workers	1.0	0.0
Activities Director	3.0	3.0
Medical Records	1	0.5
Laundry & Linen	2.7	2.3
Housekeeping	10.2	10.3
Central Sterile Supply (Nurse Secretary)	1.0	1.0
Maintenance/Engineering	2.2	2.2
Administrator /CEO	1.0	1.0
Business Office	3.6	3.6
Other (Med Tech)	17.5	21
Other (Marketing)	3.0	2.0
Other (Driver)	1.0	1.0
Total	124.0	112.0

Source: Section Q, page105, Form H

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the

applicant are budgeted in F.3b. In Section H, pages 59-60, the applicant describes the methods used to recruit or fill new positions and its existing strategies to enhance recruitment and retention of personnel.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on strategies to enhance recruitment and retention of personnel.

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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

Ancillary and Support Services

In Section I, page 62, the applicant identifies the necessary ancillary and support services for the proposed services. On page 63, the applicant states all of the services are currently in place at Swift Creek and have no impact on the provision of these services. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 64, the applicant describes its existing 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:

- The applicant currently has relationships with local healthcare and social service providers, creating a network that enhances the continuum of care for residents.
- These existing partnerships serve as a foundation for collaborative efforts, ensuring seamless coordination and access to a spectrum of healthcare resources.

- The applicant states that it is dedicated to further expanding and strengthening relationships with local healthcare providers.

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.

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

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction

project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The applicant proposes to develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

In Section K, page 64, the applicant states that the proposed project does not include any new construction or renovation. Therefore, Criterion (12) is not applicable to this review.

(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, pages 68-69, the applicant provides the historical payor mix during for the proposed services.

Briar Creek Health Center Historical Payor Mix 10/01/2022 - 09/30/2023		
Payor Source	NF Beds as Percent of Total	ACH Beds as Percent of Total
Self-Pay	6.54%	100.00%
Medicare*	70.91%	0.0%
Other (Managed Care)	22.555	0.0%
Total	100.0%	100.0%

*Including any managed care plans.

In Section L, pages 69 - 70, the applicant provides the following comparison.

Briar Creek	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	67.3%	51.6%
Male	32.7%	48.4%
Unknown	0.0%	0.0%
64 and Younger	0.0%	87.8%
65 and Older	100.0%	12.2%
American Indian	0.0%	0.9%
Asian	0.0%	6.7%
Black or African-American	0.0%	33.2%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	0.0%	56.4%
Other Race	0.0%	2.7%
Declined / Unavailable	100%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application

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 70, 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 71, the applicant states that during the 18 months 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 71, 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.

Briar Creek Health Center Projected Payor Mix during the 3rd Full FY CY 2027		
Payor Source	ACH Beds as Percent of Total	NF Beds as Percent of Total
Self-Pay	100.0%	0.0%
Medicare*	0.0%	50.0%
Other (Managed Care HMA)	0.0%	50.0%
Total	100.0%	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 100.0% of total ACH services will be provided to self-pay patients and 50.0% of total NF services will be provided to Medicare recipients and 50% of NF services will be provided to Managed Care HMA applicants.

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities requires the applicants to use the proposed additional ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The Policy also prohibits the applicants from participation in the Medicaid program and serving State-County Special Assistance recipients in the Policy LTC-1 beds.

The projected payor mix is reasonable and adequately supported because the proposed Policy LTC-1 ACH beds are prohibited from participation in the Medicaid program or the State -County Special Assistance program.

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 72, 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 develop 22 ACH beds pursuant to Policy LTC-1 for a total of 6 NF beds and 130 ACH beds upon project completion.

In Section M, page 74, the applicant adequately demonstrated that the facility will accommodate the clinical needs of the health professional training program in the area.

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.

NA

Policy LTC-1 of the 2024 SMFP requires the applicant to use the proposed additional ACH beds exclusively to meet the needs of the people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The policy also prohibits the applicant from participation in the Medicaid program and serving State – County Special Assistance recipients in the Policy LTC-1 beds.

(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 nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 38 of this type of facility located in North Carolina.

In Section O, pages 79-80, the applicant states that, during the 18 months immediately preceding the submission of the application, incidents related to quality of care occurred in nine of these facilities. The application states that all the problems have been corrected. According to the files in the Nursing Home Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in eleven facilities. There are two facilities for which issues related to quality of care occurred after the applicant submitted this application. 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 and of at all nine 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 develop ACH beds pursuant to Policy LTC-1. 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 beds added pursuant to Policy LTC-1 are used exclusively to meet the needs of people with whom the facility has continuing care contracts who have lived in a non-nursing unit of the center for a period of at least 30 days.