

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: June 20, 2025

Findings Date: June 20, 2025

Project Analyst: Cynthia Bradford

Co-Signer: Mike McKillip

Project ID #: J-12599-25

Facility: PruittPlace-Raleigh

FID #: 250153

County: Wake

Applicants: PruittPlace - Raleigh, LLC
Wake Healthcare Properties, Inc.

Project: Develop a new 60-bed ACH facility by relocating 60 ACH beds from Spring Arbor of Raleigh

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

PruittPlace - Raleigh, LLC, and Wake Healthcare Properties, Inc. (referred to as “the applicant”) proposes to develop a new 60-bed adult care home (ACH) facility by relocating 60 ACH beds from Spring Arbor of Raleigh. The new ACH facility will be known as PruittPlace-Raleigh.

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 2025 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2025 SMFP which is applicable to this review: Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2025 SMFP states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN 4.

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

The projected capital cost for the project is over \$5 million. In Section B, page 25, the applicant states,

“The following plans will be incorporated into the design of the PruittPlace - Raleigh facility to improve energy efficiency and water conservation... Building Envelope... Lighting... Mechanical Systems...Plumbing Systems...”

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 based on the following:

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because they adequately describe how they will ensure energy efficiency and water conservation.
- (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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

In Section C.1, page 27, the applicant describes the project as follows:

“Through the acquisition of existing adult care beds not currently in operation, PruittPlace - Raleigh, LLC will receive sixty (60) adult care home beds from Spring Arbor of Raleigh and relocate them to a newly constructed assisted living center in Raleigh. Spring Arbor of Raleigh’s eighty (80) adult care home beds are not currently licensed and not operational at Spring Arbor of Raleigh in Wake County. On June 15, 2023, Spring Arbor of Raleigh experienced a 2-alarm fire that required 50 residents to be relocated to other Spring Arbor facilities in the Triangle. The Spring Arbor of Raleigh facility has not been repaired since the fire. PruittPlace - Raleigh proposes to operate a 60-bed adult care home facility in a two-story building to be constructed on the campus of PruittHealth-Raleigh, a 168-bed skilled nursing facility.”

Patient Origin

On page 179, the 2025 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 Wake County. Facilities may also serve residents of counties not included in their service area.

The sixty (60) adult care home beds to be relocated are not currently licensed and have not been operational in the last full fiscal year at Spring Arbor of Raleigh. Therefore, the applicant does not report any historical patient data. In Section C.2, page 45, the applicant provides a table showing projected patient origin for the proposed facility for the first three fiscal years.

PruittPlace - Raleigh Adult Care Home Beds Projected Patient Origin						
County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	07/01/2028-06/30/2029		07/01/2029-06/30/2030		07/01/2030-06/30/2031	
	# of Patient Admissions	% of Total	# of Patient Admissions	% of Total	# of Patient Admissions	% of Total
Wake	73	87.0%	70	87.0%	66	87.0%
Other NC Counties	11	13.0%	10	13.0%	10	13.0%
Total	84	100.0%	80	100.0%	76	100.0%

Source: Section C, page 45

In Section C, page 45, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because projected patient origin is based on projected current residents who occupy PruittHealth skilled nursing facilities who may transition to the assisted living center.

Analysis of Need

In Section C, pages 46-54, 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 Wake County because the proposal will not change the ACH bed inventory.
- The projected population growth of individuals 65 and older in Wake County, according to the North Carolina Office of State Budget and Management (NCOSBM).
- The increase in Wake 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 provides credible information on the changes in life expectancy in Wake 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, the applicant provides projected utilization, as illustrated in the following table.

PruittPlace-Raleigh Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	07/01/2028-6/30/2029	07/01/2029-6/30/2030	07/01/2030-06/30/2031
Total # of Beds	60	60	60
# of Patient Days	16,192	20,566	20,804
ALOS	270	270	270
Occupancy rate	73.9%	93.9%	95.0%

Source: Section Q, Form C.1b

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

- The applicant's assumptions regarding resident move-ins per month and average length of stay are based on its experience with new facility ramp up periods.
- The applicant's utilization projections are supported by the projected population growth, aging, and life expectancy of the proposed service area.
- The applicant does not propose to develop new ACH beds but will relocate 60 existing ACH beds from Spring Arbor of Raleigh, which closed due to a fire on 6/15/23. At the time of the closure, Spring Arbor of Raleigh was home to 50 residents that had to be relocated to other facilities. Also, during its last year of operation, Spring Arbor of Raleigh reported serving 91 patients.

The applicant's utilization projections are reasonable and adequately supported for all the reasons described above.

Access to Medically Underserved Groups

In Section C, page 60, the applicant states:

"PruittPlace - Raleigh will be equally accessible to all persons, including those with low income, racial and ethnic minority groups, women, people with disabilities, the elderly, and Medicare beneficiaries and Medicaid recipients."

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	6.5%
Racial and ethnic minorities	12.0%
Women	60.0%
Persons with Disabilities	30.0%
People 65 and older	100.0%
Medicare beneficiaries	100.0%
Medicaid recipients	6.5%

Source: Section C, page 60

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for 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 develop a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

In Section D, pages 66-67, the applicant explains why it believes that the needs of the population presently served will be met adequately by the proposed relocation, as follows:

- The applicant proposes to acquire and relocate the adult care home beds that once operated at Spring Arbor of Raleigh. PruittHealth will not be acquiring the brick-and-mortar building.
- The applicant states that no adult care home beds will be located at the Spring Arbor of Raleigh location. The applicant explains that on June 15, 2023, Spring Arbor of Raleigh experienced a 2-alarm fire that required 50 residents to be relocated to other Spring Arbor facilities in the Triangle. The Spring Arbor of Raleigh facility has not been repaired or operated since the fire. As such, none of the groups of medically underserved individuals will obtain services at Spring Arbor of Raleigh in the future.

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

- The existing beds to be relocated have not been serving residents and the relocation will not change the ability of medically underserved groups to have access to ACH beds in Wake County.
- The proposed site for the new facility is located within the same county.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- There is not a population currently using the beds to be relocated.
- 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.

C

The applicant proposes to develop a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

In Section E, page 71, 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:

Develop a Larger Adult Care Home Facility-The applicant states that a 60-bed assisted living center is an appropriately sized facility based on economics of scale for services and purchases, and the facility's proximity to an existing 168-bed skilled nursing facility owned and managed by the applicant.

Develop a Special Care Unit-The applicant states that special care unit would need to be located on the ground floor, be securely locked, and provide direct access to outdoor areas. The applicant believes that offering the assisted living center to a more diverse group of residents and enabling greater access to communal activities on the ground floor presents a more effective and inclusive alternative.

On page 71, the applicant states they have determined that the most effective alternative is to develop a 60-bed assisted living center in a two-story building consisting of only one-bedroom private units.

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

- 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.
- The application is conforming to all statutory and regulatory review criteria.

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. PruittPlace - Raleigh, LLC and Wake Healthcare Properties, Inc., (hereinafter collectively the "certificate holder") shall materially comply with all representations made in this application.**
- 2. The certificate holder shall relocate no more than 60 ACH beds from Spring Arbor of Raleigh to PruittPlace-Raleigh.**
- 3. Upon completion of the project, PruittPlace-Raleigh shall be licensed for no more than 60 ACH beds, and Spring Arbor of Raleigh shall be licensed for 0 ACH beds.**

- 4. 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.**
 - 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. The certificate holder shall certify the percentage of the total number of licensed adult care home beds in the facility for participation in the Medicaid program and shall provide care to Medicaid recipients commensurate with representations made in the application.**
 - 7. PruittPlace-Raleigh shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
 - 8. The certificate holder shall execute or commit to a contract for design services for the project no later than two years following the issuance of this certificate of need.**
 - 9. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on January 1, 2026.**
 - 10. 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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

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.

PruittPlace-Raleigh Projected Capital Cost	
	Total
Landscaping	\$400,000
Site Preparation	\$2,000,000
Construction/Renovation Contract(s)	\$17,632,060
Design, Fees, Reimbursable, and Permits	\$631,776
Architect/Engineering Fees	\$500,000
FF&E and Storage	\$926,927
Equipment/IT	\$1,323,123
Consultant Fees	\$85,000
Financing Costs	\$350,000
Interest During Construction	\$1,106,908
CON Contingency	\$1,057,924
Total Capital Cost	\$26,013,718

Exhibit F.1 contains a letter dated February 3, 2025, from the project architect verifying the construction costs for the project.

In Section F.3, pages 75-77, the applicant projects start-up costs for the proposed project as \$237,980, with a total working capital of \$1,137,980. On page 76, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on adequately supported assumptions based on the following:

- The applicant identifies the types of costs included in the start-up costs.
- The applicant provides a detailed line item breakdown of the start-up costs, including staff wages/salaries, taxes, and training.

Availability of Funds

In Section E, page 73, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing			
Type	PruittPlace - Raleigh, LLC	Wake Healthcare Properties, Inc.	Total
Loans	\$0	\$ 15,608,231	\$ 15,608,231
Accumulated reserves or OE *	\$0	\$ 10,405,487	\$ 10,405,487
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$0	\$ 26,013,718	\$ 26,013,718

* OE = Owner's Equity

In Exhibit F.2, the applicant provides a letter, dated February 6, 2025, from the Chief Financial Officer of PruittHealth stating its commitment to \$10.5 million dollars from its parent company, United Health Services, to fund the project. Additionally, in the same letter, it states that Wake Healthcare Properties, Inc. will commit to financing \$15.6 million in the form of bank financing for the purpose of funding the project costs.

Exhibit F.2 contains the consolidated financial statements for United Health Services, Inc. and its subsidiaries for fiscal years 2023 and 2024 showing the applicant has sufficient funds available to finance the project. Additionally, In Exhibit F.2, the applicant provides a letter from the Executive Director of Synovus Mortgage Company agreeing to fund up to \$15,608,231 towards the costs of the project. In Exhibit F.3, the applicant provides a letter, dated February 6, 2025, from the Chief Financial Officer of PruittHealth stating its commitment to fund 1.2 million dollars from its parent company, United Health Services, towards funding the working capital for the project.

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

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 second and third full fiscal years following completion of the project, as shown in the table below.

PruittPlace-Raleigh	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	07/01/2028- 06/30/2029	07/01/2029- 06/30/2030	07/01/2030- 06/30/2031
# of Patient Days	16,192	20,566	20,804
Gross Revenue	\$3,421,498	\$4,570,551	\$4,849,538
Net Revenue	\$3,421,498	\$4,570,551	\$4,849,538
Average Net Revenue per Patient Day	\$211	\$222	\$233
Operating Costs	\$4,125,975	\$4,557,999	\$4,643,250
Average Operating Costs per Patient Day	\$255	\$222	\$223
Net Income	(704,477)	\$12,552	\$206,288

The assumptions used by the applicant in preparation of the pro-forma financial statements are provided following Forms F.2b and F.3b. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's projected charges and costs are based on PruittHealth's historical operating experience.
- 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 all the reasons stated 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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

On page 179, the 2025 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 Wake County. Facilities may also serve residents of counties not included in their service area.

Table 11A on pages 205-206 of the 2025 SMFP shows a total of 2,956 existing ACH beds in 76 ACH facilities in Wake County. The table below summarizes the existing facilities and ACH beds as shown in the 2025 SMFP.

2025 ACH Bed Inventory for Wake County	
# ACH Facilities	76
# Beds in ACH Facilities	2,956
# Beds in Nursing Facilities	115
Total Licensed Beds	3,155
# CON Approved Beds (License Pending) including CON Bed Transfer	65
Total # Available	0
Total # in Planning Inventory	3,220
Projected Bed Utilization Summary	2,323
Projected Bed Surplus (Deficit)	775

Source: 2025 SMFP, Table 11A

In Section G, page 84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ACH services in Wake County. The applicant states:

“The proposal to establish a 60-bed assisted living center in Wake County is a timely and essential initiative to address the increasing demand for senior care services, particularly long-term care for older adults. This project does not constitute an unnecessary duplication of resources, as it involves relocating existing, unused adult care home beds within the county’s inventory to better meet specific needs in the service 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.

- (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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

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

PruittPlace-Raleigh Projected Staff			
	1st Full FY 07/01/2028-06/30/2029	2nd Full FY 07/01/2029-06/30/2030	3rd Full FY 07/01/2030-06/30/2031
Administrator	1.0	1.0	1.0
Receptionist	1.4	1.4	1.4
Billing &Bookkeeping	1.0	1.0	1.0
Supervisors	3.6	4.6	4.6
Certified Nurse Aides	10.6	12.4	12.4
Activities Assistant	1.0	1.0	1.0
Prep Cooks	1.0	1.0	1.0
Servers	1.5	1.5	1.5
Kitchen Staff	2.0	4.0	2.0
Maintenance	1.0	1.0	1.0
TOTAL	24.1	28.9	28.9

The assumptions and methodology used to project staffing are provided in Section Q, immediately following Form H. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 87-89, 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 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. All staff must complete at least 40 hours a year of discipline specific training.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

Ancillary and Support Services

In Section I, pages 91-93, the applicant identifies the necessary ancillary and support services for the proposed services and 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 will be providing the ancillary and support services through facility staff and/or corporate office support.

Coordination

In Section I, page 92, 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 the applicant has well 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 develop a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

In Section K, page 96, the applicant states that the project involves constructing 51,859 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 97, 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 F.1, the applicant provides a cost certification letter from the project's architect.

- The project costs are based on reasonable and adequately supported assumptions. See the discussion regarding the most cost-effective alternatives in Criterion (4) which is incorporated herein by reference.

On page 97, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant. The applicant states that based on the expertise of the project architect, the proposed construction is the most reasonable alternative for the proposed 60-bed adult care home facility.

On pages 97-98, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans. See the discussion regarding the most cost-effective alternatives in Criterion (1) 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 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;

NA

The applicant is proposing to relocate 60 ACH beds from Spring Arbor of Raleigh, which closed due to a fire on June 15, 2023. The facility has not been repaired since the fire; therefore, the applicant did not provide a historical payor mix for that facility, nor did the applicant provide a comparison to the percentages of the population of the service area.

- (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 103, 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 103, the applicant states,

“Spring Arbor of Raleigh, from which the adult care home beds will be relocated, has not reported adult care home utilization since 2023 and thus, there have been no complaints relating to the operation of the adult care home beds in 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 104, 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 tables below.

PruittPlace – Raleigh Adult Care Home Services Projected Payor Mix for 3rd Full FY (07/01/2030 – 06/30/2031)	
Payor Category	Percent of Total
Self-Pay	93.6%
Other (Special Assistance)	6.4%
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 93.6% of ACH services will be provided to self-pay patients and 6.4% to Special Assistance patients.

On page 104, 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 because the applicant assumes that most of the relocated ACH beds will be filled by Self Pay patients recipients, based on PruittPlace 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.

C

In Section L, page 106, 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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

In Section M, page 108, 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:

- PruittPlace - Raleigh has an established relationship with Wake Tech Community College for health professional training.
- The applicant provides supporting documentation in Exhibit M.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 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 develop a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

On page 179, the 2025 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 Wake County. Facilities may also serve residents of counties not included in their service area.

Table 11A on pages 205-206 of the 2025 SMFP shows a total of 2,956 existing ACH beds in 76 ACH facilities in Wake County. The table below summarizes the existing facilities and ACH beds as shown in the 2025 SMFP.

2025 ACH Bed Inventory Wake County	
# ACH Facilities	76
# Beds in ACH Facilities	2,956
# Beds in Nursing Facilities	115
Total Licensed Beds	3,155
# CON Approved Beds (License Pending) including CON Bed Transfer	65
Total # Available	0
Total # in Planning Inventory	3,220
Projected Bed Utilization Summary	2,323
Projected Bed Surplus (Deficit)	775

Source: 2025 SMFP. Table 11A

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 110, the applicant states:

“The new PruittHealth assisted living center is expected to elevate the overall quality of care throughout the region. Increased competition among adult care home providers will likely encourage enhancements in service delivery, improved staff-to-resident ratios, and the adoption of more innovative care approaches. Existing providers may also respond by upgrading their services and facilities to retain their residents and remain competitive.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 110-111, the applicant states:

“By including 60 adult care home beds, the assisted living center can capitalize on bulk purchasing, streamlined administration, and efficient resource allocation—ultimately reducing per-resident costs. These savings are transferred to residents, lowering monthly fees and making quality care more widely accessible. Centralizing core functions, such as meal preparation, housekeeping, and administrative tasks, also helps minimize waste and keep expenses manageable.”

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 111, the applicant states:

“A priority at PruittPlace - Raleigh will be hiring highly qualified staff and investing in continuous education. Regular training ensures caregivers are informed about the latest best practices in elder care... PruittHealth emphasizes individualized care, tailoring services to meet each resident’s preferences, abilities, and goals... Regular health assessments and preventive measures can catch potential issues early, reducing the likelihood of emergency interventions... Collaborations with local health organizations and community groups expand the range of resources available to residents. These networks amplify support for individuals and enrich the day-to-day experience at the assisted living center.”

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, pages 111-112, the applicant states:

“PruittHealth commits to inclusivity and cultural awareness in its operations. By hiring culturally sensitive staff and training them on diverse needs, PruittPlace - Raleigh ensures that all residents feel understood and respected. This focus is vital for underserved populations who may require specialized health and wellness considerations...To further reduce financial barriers, the assisted living center will introduce discounted fees for qualified residents who meet certain income criteria and need Special Assistance. This provision allows individuals with limited financial resources to access the comprehensive care services provided.”

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

However, the applicant does not adequately describe the expected effects of the proposed services on competition in the service area *and/or* adequately demonstrate the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant does not adequately demonstrate that:

- The proposal is cost effective because the applicant did not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing and approved health services; and that projected revenues and operating costs are reasonable.

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.

The applicant proposes to develop a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

NA

In Section Q, form O, the applicant lists one facility, Mayview Assisted Living Center, that is currently under development and is not licensed. Therefore, Criterion (20) is not applicable to this review.

(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 a new 60-bed ACH facility by relocating no more than 60 ACH beds from Spring Arbor of Raleigh.

The Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1102 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.