

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 6, 2025

Findings Date: March 6, 2025

Project Analyst: Tanya M. Saporito

Co-Signer: Gloria C. Hale

Project ID #: H-12578-24

Facility: Peak Resources-Pinelake

FID #: 923405

County: Moore

Applicants: Carthage Healthcare, Inc.

Carthage Realty, LLC

Project: Relocate no more than 18 NF beds from Penick Village for a total of no more than 108 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.

NA

Carthage Healthcare, Inc. and Carthage Realty, LLC (hereinafter collectively referred to as “the applicant”) propose to relocate 18 nursing facility (NF) beds from an existing licensed facility, Penick Village, to Peak Resources-Pinelake (“Peak”). Penick Village is a nursing facility located in Moore County that is currently licensed for 50 NF beds. Peak is an existing licensed nursing facility located in Moore County that is currently licensed for 90 NF beds and 20 adult care home (ACH) beds. Following project completion, Peak will be licensed for 108 NF beds and Penick Village will be licensed for 32 NF beds.

Need Determination

The applicant proposes to relocate existing licensed NF beds within Moore County. The applicant does not propose to increase the number of licensed beds in any category, add any new health services, or acquire equipment for which there is a need determination in the 2024 SMFP. Therefore, there are no need determinations applicable to this review.

Policies

There are no policies in the 2024 SMFP that are applicable to this review.

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

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, persons with disabilities, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake. Both facilities are located in Moore County. Penick Village is currently licensed for 50 NF beds and 42 ACH beds. Following the proposed bed relocation, Penick Village will be licensed for 32 NF beds and 42 ACH beds. Peak Resources-Pinelake is a combination NF and adult care home (ACH), currently licensed for 90 NF beds and 20 ACH beds. A separate application currently under review, CON Project ID #H-12579-24, proposes to relocate the 20 ACH beds currently licensed as part of Peak Resources-Pinelake to a new combination facility also located in Moore County. Therefore, following completion of this project and Project ID #H-12579-24, Peak Resources-Pinelake will be licensed for a total of 108 NF beds and no ACH beds.

Patient Origin

On page 141, the 2024 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*”

The applicant proposes to relocate existing NF beds within Moore County. Thus, the service area for this facility is Moore County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical patient origin for both NF and ACH beds for federal fiscal year (FFY) 2023 for Peak Resources-Pinelake, and historical patient origin for Penick Village during the same time:

Peak Resources-Pinelake Historical Patient Origin for NF Beds, FFY 2023

COUNTY	# OF PTS.	% OF TOTAL
Chatham	11	3.6%
Dare	1	0.3%
Harnett	7	2.3%
Hoke	2	0.7%
Lee	54	17.8%
Mecklenburg	3	1.0%
Montgomery	17	5.6%
Moore	172	56.8%
Randolph	8	2.6%
Richmond	20	6.6%
Robeson	4	1.3%
Scotland	3	1.0%
Wake	1	0.3%
Total	303	100.0%

Source: Application pages 27-28.

Peak Resources-Pinelake Historical Patient Origin for ACH Beds, FFY 2023

COUNTY	# OF PTS.	% OF TOTAL
Lee	3	23.1%
Montgomery	1	7.7%
Moore	9	69.2%
Total	13	100.0%

Source: Application page 28.

Penick Village Historical Patient Origin for NF Beds, FFY 2023

COUNTY	# OF PTS.	% OF TOTAL
Cumberland	1	1.2%
Montgomery	1	1.2%
Moore	79	91.8%
Richmond	2	2.3%
Wake	3	3.5%
Total	86	100.0%

Source: Application page 28.

In Section C, page 32 the applicant provides projected patient origin for the third full year of operation, FFY for NF beds for Peak Resources-Pinelake:

Peak Resources-Pinelake Projected Patient Origin, First Three Project Years

COUNTY	1 ST PY (FFY 2026)		2 ND PY (FFY 2027)		3 RD PY (FFY 2028)	
	# PTS.	%OF TOTAL	# PTS.	%OF TOTAL	# PTS.	%OF TOTAL
Chatham	17	3.5%	17	3.3%	17	3.3%
Dare	1	0.2%	2	0.4%	2	0.4%
Harnett	11	2.2%	11	2.2%	11	2.2%
Hoke	3	0.6%	3	0.6%	3	0.6%
Lee	89	18.1%	91	18.5%	91	18.5%
Mecklenburg	4	0.8%	5	1.0%	5	1.0%
Montgomery	28	5.7%	29	5.9%	29	5.9%
Moore	285	57.9%	291	59.1%	291	59.1%
Randolph	12	2.4%	13	2.6%	13	2.6%
Richmond	31	6.3%	32	6.5%	32	6.5%
Robeson	6	1.2%	7	1.4%	7	1.4%
Scotland	4	0.8%	5	1.0%	5	1.0%
Wake	1	0.2%	2	0.4%	2	0.4%
Total	492	100.0%	508	100.0%	508	100.0%

Source: Application page 30 and clarifying information provided at the Agency's request.

In Section C, page 33 the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because they are based on the historical experience of the facility.

Analysis of Need

In Section C, pages 32-33 the applicant explains why the population projected to utilize the proposed NF services needs those services, summarized as follows:

- The applicant states that Penick Village, the facility from which the 18 NF beds will be relocated, is an existing Continuing Care Retirement Community (CCRC) located in Moore County that is currently licensed for 50 NF beds and 42 ACH beds, 18 of which have been unoccupied for “a significant amount of time”. The applicant states that, for the past two years, Penick Village has averaged less than 30 patients in the 50 NF beds.
- The applicant states the low NF bed utilization in general and the unoccupied status of the 18 beds proposed to be relocated is largely due to the fact that Penick Village is a CCRC which operates life contracts. Therefore, the applicant states utilization of NF beds in a CCRC differs from that of a free-standing nursing facility.
- The applicant states the population of persons over the age of 65, the cohort more likely to need NF services, is higher in Moore County than in the state as a whole, and provides supporting demographic data in Exhibit C.4.

- Based on population data from the North Carolina Office of State Budget and Management (NCOSBM) provided in Exhibit C.4, the applicant states the 65 and over population in Moore County is projected to increase by 24.9% between 2023-2030, compared to a projected 20.2% for the same population in the state as a whole. That same data shows that, in the year 2030, the over 65 population is projected to be 29.6% of the total Moore County population, compared to 19.8% in the state as a whole.
- The applicant states there is a need in Moore County to serve Medicare and Medicaid beneficiaries who need NF services. The applicant states that, in the FY ended September 30, 2024, 79% of the Peak Resources-Pinelake NF residents were recipients of Medicare and/or Medicaid, and it remains committed to providing NF services to those and other underserved populations in need of NF services. The applicant states the relocation of these existing, unused NF beds will provide Peak Resources-Pinelake additional resources with which to serve all Moore County NF residents who need the services.

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

- The applicant proposes to relocate existing, licensed NF beds which are not currently being utilized to a facility that will more effectively serve Moore County NF residents who need the care.
- The applicant addresses the need at Peak Resources-Pinelake for NF services compared to ACH services, and projects growth at the facility specifically accounting for the need this facility has for additional NF beds.
- The applicant provides NCOSBM population data to illustrate current and projected growth in Moore County residents age 65 and over, which is the population group most likely to utilized NF services.

Projected Utilization

In Q, Form C.1b, the applicant provides projected utilization of NF beds at Peak Resources-Pinelake for the first three project years (PY), federal fiscal years (FFY) 2026-2028:

PEAK RESOURCES-PINELAKE - PROJECTED UTILIZATION			
	1 ST FY 10/1/25-9/30/26	2 ND FY 10/1/26-9/30/27	3 RD FY 10/1/27-9/30/28
Nursing Facility Beds*			
# of Patient Days	34,902	35,770	35,770
Total # of Beds	108	108	108
# of Admissions	400	410	410
Average Length of Stay	87.3	87.3	87.3
Occupancy Rate	88.5%	90.7%	90.7%

*The applicant filed an application, Project ID #H-12579-24, that proposes to relocate the 20 ACH beds from Peak Resources-Pinelake to another facility. That project is currently under review.

In Section C, page 33 the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

- The applicant considers the Moore County population growth projections in its projected utilization.
- The applicant bases projected utilization on the occupancy of Peak Resources-Pinelake as of September 30, 2024, which was 97.8%.
- The applicant utilizes a net average fill-up rate of two admissions per month during the fill up period. In October 2028, the end of the third fiscal year of operation, the applicant projects a stabilized occupancy of 90.7% for the NF beds at Peak Resources-Pinelake.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant’s utilization projections are based on the historical utilization of Peak Resources-Pinelake’s NF beds and the demographic and population projections for Moore County.
- The applicant utilizes a fill-up rate that is lower than the historical NF bed fill-up rate at Peak Resources-Pinelake.

Access to Medically Underserved Groups

In Section C, pages 38-39, the applicant states it will continue to provide access to NF services to medically underserved groups as it has historically done. On page 39, 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	79%
Racial and ethnic minorities	41%
Women	62%
Persons with Disabilities	<i>“unable to estimate”</i>
The elderly	80%
Medicare beneficiaries	13%
Medicaid recipients	79%

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 demonstrates it historically provides NF services to medically underserved groups, and relocating the proposed NF beds will not impact the provision of those services to those groups.

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

In Section D, pages 44-46 the applicant explains why it believes the needs of the population presently utilizing the NF beds proposed to be relocated will continue to be adequately met following project completion. On page 45, the applicant states the 18 NF beds proposed to be relocated have been unoccupied “*for a significant period of time*”; therefore, the relocation of these unoccupied beds will not result in any NF service disruption or any patient displacement. The applicant states Penick Village is a CCRC, and the bed capacity for the health center has become unbalanced due to such low NF utilization. Additionally, the applicant states the 18 NF beds proposed to be relocated will positively impact the patients in need of these services, because they will be immediately available to Moore County residents who need NF services once they are relocated.

In supplemental information provided at the Agency’s request, the applicant provides projected utilization for Penick Village in the last full FFY, the interim FFY and the first FFY following the proposed bed relocation, as illustrated in the following table:

PENICK VILLAGE - PROJECTED UTILIZATION			
	INTERIM FY FFY 2024	INTERIM FY FFY 2025	1ST FULL FY* FFY 2026
Nursing Facility Beds			
Total # of Beds	50	50	32
# of Admissions	52	48	44
# of Patient Days	11,626	10,752	9,856
Average Length of Stay	224	224	224
Occupancy Rate	63.7%	58.9%	84.4%
Adult Care Home Beds			
Total # of Beds	42	42	42
# of Admissions	13	13	13
# of Patient Days	11,573	11,573	11,573
Average Length of Stay	890	890	890
Occupancy Rate	75.5%	75.5%	75.5%

*First full FY of this application

In Section Q, page 89, and in supplemental information provided at the Agency’s request, the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

- The 18 NF beds proposed to be relocated are not being utilized at Penick Village; therefore, the relocation will not interrupt the needs of the patients at the facility.
- The applicant demonstrates that the remaining beds at Penick Village will continue to be adequately utilized.

The information is reasonable and adequately supported because the applicant adequately describes that the needs of the NF population presently served at Penick Village will continue to be met following the proposed bed relocation.

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information provided at the Agency’s request

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

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

In Section E, page 49, the applicant describes the alternative it considered and explains why the alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternative considered was:

- Maintain the status quo – The applicant states that, based on the existing and expected future demand for Nursing Facility services within Moore County, and the historically high occupancy rate at the existing Peak Resources – Pinelake, which has exceeded 90%, relocating the NF beds would allow the applicant to continue to serve Moore County NF patients. If Penick Village were to delicense the 18 beds due to non-use, then they would not serve Moore County residents who need access to NF services.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the project for all the reasons 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 reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Carthage Healthcare, Inc. and Carthage Realty, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall relocate no more than 18 NF beds from Penick Village Continuing Care Retirement Community in Moore County to Peak Resources-Pinelake.**
- 3. Upon completion of this project and Project ID #H-12579-24, Peak Resources-Pinelake shall be licensed for no more than 108 NF beds and no ACH beds.**
- 4. Upon completion of this project, Penick Village shall be licensed for no more than 32 NF beds and 42 ACH beds.**

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 at least 78.6% of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid and provide care to those recipients commensurate with representations made in the application.**
 7. **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 July 1, 2025.**
 8. **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.**
 9. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

Capital and Working Capital Costs

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

	CAPITAL COST
Medical Equipment	\$54,000
Non-Medical Equipment	\$54,000
Furniture	\$54,000
Other (Contingency)	\$38,000
Total	\$200,000

Source: Section Q, Form F.1b

In Section Q, in the “*Significant Assumptions for 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 based on the following:

- The applicant proposes to relocate existing unutilized NF beds to a facility where they will be well utilized, and the proposed expenditures are minimal because the project will not require renovation or other development costs to accommodate the bed relocation.

In Section F, page 51 the applicant states there will be no start-up costs or initial operating expenses because Peak Resources-Pinelake is an operational facility that currently provides NF services.

Availability of Funds

In Section F, page 50 the applicant states the projected capital cost will be funded through the operating cash of Carthage Healthcare, Inc.

Exhibit F-2 contains a letter dated October 1, 2024 from the President of Peak Resource, Inc. confirming the availability of sufficient cash and cash equivalents to fund the project capital cost, and committing the necessary funds to the project development.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information in the application and exhibits, and for all the reasons stated above.

Financial Feasibility

In Section Q, Form F.2b the applicant projects revenues will exceed operating expenses in each of the first three full operating years, federal fiscal years (FFY) 2026-2028 as shown in the table below:

	1 ST FULL OY FFY 2026	2 ND FULL OY FFY 2027	3 RD FULL OY FFY 2028
Total Patient Days (Form C.1b)	34,902	35,770	35,770
Gross Revenue	\$13,014,633	\$13,328,113	\$13,328,113
Net Revenue	\$13,014,633	\$13,328,113	\$13,328,113
Average Net Revenue / Patient Day	\$373	\$373	\$373
Operating Costs	\$11,301,552	\$11,416,225	\$11,416,225
Average Operating Costs / Patient Day	\$324	\$319	\$319
Net Income (Loss)	\$1,713,081	\$1,911,888	\$1,911,888

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

- The applicant states all revenue is a net of contractual adjustments, and revenue is projected at a per diem rate for each payor source, thus omitting contractual adjustments to gross revenue.
- The applicant identifies the sources of data used to project revenues and expenses.
- 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 of the reasons described above.

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

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

On page 141, the 2024 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*”

The applicant proposes to relocate existing licensed but unutilized NF beds from a CCRC in Moore County to an existing NF in Moore County. Thus, the service area for this facility is Moore County. Facilities may also serve residents of counties not included in their service area.

The following table, from Table 10A, page 160 of the 2024 SMFP shows the existing NF beds and facilities in Moore County:

COUNTY	FACILITY	# NF BEDS
Moore	Accordius Health at Aberdeen	90
Moore	Inn at Quail Haven Village	60
Moore	Peak Resources-Pinelake	60
Moore	Penick Village	50
Moore	Pinehurst Health & Rehab.	144
Moore	St. Joseph of the Pines	176
Moore	The Greens at Pinehurst	120
Total		730

The applicant does not propose to develop any beds that would alter the existing complement of NF beds in Moore County. In Section G, page 58 the applicant states the proposed bed relocation would not result in a duplication of existing or proposed NF services, because the existing beds would be relocated within the county. Additionally, the 18 NF beds proposed to be relocated are currently unutilized; this project proposes to relocate the beds into a facility in which Moore County residents will again have access to NF services.

The applicant adequately demonstrates that the proposed relocating of existing licensed NF beds within Moore County will not result in unnecessary duplication of existing or approved services or facilities in the service area based on the following:

- The applicant proposes to relocate existing, licensed NF beds within Moore County.
- The proposal would not result in an increase in the number of NF beds in Moore County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

In Section Q, Form H the applicant provides current (as of October 1, 2024) and projected full-time equivalent (FTE) staffing for the first three PYs, FFYs 2026-2028 as illustrated in the following table:

POSITION	PROJECTED FTE STAFF			
	CURRENT (10/1/24)	1 ST FULL PY FFY 2026	2 ND FULL PY FFY 2027	3 RD FULL PY FFY 2028
Registered Nurses	3.21	5.00	3.50	3.50
Licensed Practical Nurses	11.28	14.00	14.00	14.00
Certified Nurse Aides/Nursing Assistants	35.42	47.00	50.00	50.00
Director of Nursing	1.00	1.00	1.00	1.00
MDS Nurse	2.00	1.00	1.00	1.00
Staff Development Coordinator	1.14	1.00	1.00	1.00
Social Workers	0.91	1.91	1.91	1.91
Activities Director	0.72	1.00	1.00	1.00
Recreational Therapist	0.00	1.00	1.00	1.00
Medical Records	1.00	1.00	1.00	1.00
Maintenance Director	1.00	2.00	2.00	2.00
Maintenance Assistance	0.57	0.57	0.57	0.57
Administrator/CEO	1.00	1.00	1.00	1.00
Marketing Director	0.00	1.00	1.00	1.00
Clerical	3.28	2.00	2.00	2.00
ACH LPNs	0.84			
ACH Med Techs	6.78			
TOTAL	70.15	80.48	81.98	81.98

The assumptions and methodology used to project staffing are provided in Section Q, “*Significant Assumptions*”. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 60-61, 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 currently provides NF services at Peak Resources-Pinelake and accounts for the increase in staff that will be needed to accommodate the additional 18 NF beds.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village 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. The applicant states that, since Peak Resources-Pinelake is an existing NF, it has the necessary ancillary and support services available. In Exhibit I.1 the applicant provides documentation of the current availability of ancillary and support services at Peak, and confirmation that those services will continue to be made available following the proposed bed relocation.

Coordination

In Section I, page 63 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 it is an existing facility currently providing services and states it will continue to do so following the proposed bed relocation.

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

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.

NA

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

The applicant does not propose to construct any new space or renovate any existing space. 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, page 68 the applicant provides the historical payor mix at Peak Resources-Pinelake during FFY 2024 for the proposed services, as shown in the table below:

Peak Resources-Pinelake Historical Payor Mix, FFY 2024

PAYOR CATEGORY	PERCENT OF TOTAL
Self-Pay	6.0%
Medicare	11.7%
Medicaid	72.3%
Hospice	1.9%
Other	8.1%
Total	100.0%

In Section L, page 69 the applicant provides the historical payor mix at Penick Village during FFY 2023, as shown in the table below:

Penick Village Historical Payor Mix, FFY 2023

PAYOR CATEGORY	PERCENT OF TOTAL
Self-Pay	72.6%
Medicare	11.0%
Medicaid	16.4%
Total	100.0%

In Section L, page 69, the applicant provides the following comparison for Peak Resources-Pinelake:

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	61.9%	51.2%
Male	38.1%	48.8%
Unknown	0.0%	0.0%
64 and Younger	20.2%	75.8%
65 and Older	79.8%	24.2%
American Indian	0.0%	1.2%
Asian	1.2%	1.8%
Black or African-American	32.4%	10.7%
Native Hawaiian or Pacific Islander	0.0%	0.2%
White or Caucasian	66.4%	83.6%
Other Race	0.0%	2.5%
Declined / Unavailable	0.0%	0.0%

In Section L, page 70, the applicant provides the following comparison for Penick Village:

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	67.7%	51.2%
Male	32.3%	48.8%
Unknown	0.0%	0.0%
64 and Younger	0.0%	75.8%
65 and Older	100.0%	24.2%
American Indian	<i>“unable to verify”</i>	1.2%
Asian	<i>“unable to verify”</i>	1.8%
Black or African-American	<i>“unable to verify”</i>	10.7%
Native Hawaiian or Pacific Islander	<i>“unable to verify”</i>	0.2%
White or Caucasian	<i>“unable to verify”</i>	83.6%
Other Race	<i>“unable to verify”</i>	2.5%
Declined / Unavailable	<i>“unable to verify”</i>	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 it has no obligation. The applicant states that it will provide services to the entire resident population of Moore County and the surrounding areas regardless of payor source, race, gender or ethnicity.

In Section L, page 70, 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 both Peak Resources-Pinelake and Penick Village during the third full fiscal year of operation following project completion, as shown in the following tables:

Peak Resources-Pinelake Projected Payor Mix

PAYOR CATEGORY	PERCENT OF TOTAL PATIENTS SERVED
Self-Pay	6.5%
Medicare	12.8%
Medicaid	78.6%
Total	100.0%

Penick Village Projected Payor Mix

PAYOR CATEGORY	PERCENT OF TOTAL PATIENTS SERVED
Self-Pay	6.5%
Medicare	12.8%
Medicaid	78.6%
Total	100.0%

As shown in the tables above, during the third full fiscal year of operation, the applicant projects that 6.5% of total NF services will be provided to self-pay patients, 12.8% to Medicare patients and 78.6% to Medicaid patients in both facilities.

In Section L, pages 71-72 the applicant provides the assumptions and methodology used to project payor mix for the proposed and existing services during the third full fiscal year of operation following project completion. The projected payor mix is reasonable and adequately supported because it is based on the historical experience of each facility, and the applicant proposes only to relocate existing NF beds within Moore 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 based on the reasons stated above.

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

In Section L, page 72, the applicant adequately describes the range of means by which patients will have access to the proposed services..

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 reasons stated above.

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

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

In Section M, page 73 the applicant describes the extent to which health professional training programs in the area currently have and will continue to have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have and will have access to the facility for training purposes because the facility has operated for years and relocating the existing NF beds will not impact access to the facility for training purposes.

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 reasons stated above.

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive

impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

On page 141, the 2024 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*”

The applicant proposes to relocate existing licensed but unutilized NF beds from a CCRC in Moore County to an existing NF in Moore County. Thus, the service area for this facility is Moore County. Facilities may also serve residents of counties not included in their service area.

The following table, from Table 10A, page 160 of the 2024 SMFP shows the existing NF beds and facilities in Moore County:

COUNTY	FACILITY	# NF BEDS
Moore	Accordius Health at Aberdeen	90
Moore	Inn at Quail Haven Village	60
Moore	Peak Resources-Pinelake	60
Moore	Penick Village	50
Moore	Pinehurst Health & Rehab.	144
Moore	St. Joseph of the Pines	176
Moore	The Greens at Pinehurst	120
Total		730

The applicant proposes to relocate existing, licensed but unutilized NF beds from a CCRC in Moore County to an existing NF in Moore County. The applicant does not propose to develop any beds that would alter the existing complement of NF beds in Moore County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 74 the applicant states it will continue to be a strong competitor in the service area as demonstrated by its high utilization and provision of services to medically underserved groups.

Regarding the impact of the proposal on cost effectiveness, in Section N, page 74, the applicant states over 78% of the current residents at Peak Resources-Pinelake are Medicaid beneficiaries, and there is a need for NF services for this group. The applicant states relocating the NF beds will allow the facility to serve an increasing number of Medicaid recipients.

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 74, the applicant states the related facilities of Peak Resources-Pinelake have a reputation for delivering quality care and it will continue to provide quality care to its residents. Additionally, the applicant states Peak Resources-Pinelake is equipped with the latest patient delivery technology and medical equipment.

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 74, the applicant states the majority of its residents are Medicaid beneficiaries, and the addition of the proposed NF beds will allow the applicant to continue to provide NF services to a larger population of Medicaid beneficiaries than other Moore County nursing facilities.

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

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on 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 relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

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

In Section O, page 77 the applicant states that, during the 18 months immediately preceding submission of the application, incidents related to quality of care occurred at one of its facilities. On page 77 the applicant states the deficiencies have been corrected, plans of correction have been approved by the Nursing Home Licensure and Certification Section, DHSR, and the facility is in full compliance with all survey deficiencies noted. After reviewing and considering information provided by the applicant and the Nursing Home Licensure and Certification Section and considering the quality of care provided 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 relocate 18 existing licensed NF beds from Penick Village to Peak Resources-Pinelake for a total of 108 NF beds at Peak Resources-Pinelake and no more than 32 NF beds at Penick Village upon project completion.

There are no administrative rules applicable to the proposed project because the applicant proposes to relocate existing, licensed NF beds.