

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 7, 2025

Findings Date: March 7, 2025

Project Analyst: Tanya M. Saporito

Co-Signer: Gloria C. Hale

Project ID #: H-12579-24

Facility: Sandhills Health & Rehabilitation Center

FID #: 220736

County: Moore

Applicants: Sandhills Health & Rehabilitation, LLC

Pinehurst Healthcare Properties, LLC

Project: Change of scope for Project ID #H-12290-22 (Relocate 86 NF beds and construct new facility) to relocate no more than 20 ACH beds from Peak Resources-Pinelake for a total of more than 86 NF beds and no more than 20 ACH 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

Sandhills Health & Rehabilitation, LLC and Pinehurst Healthcare Properties, LLC (hereinafter collectively referred to as “the applicant”) propose a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 nursing facility (NF) beds from St. Joseph of the Pines) to relocate no more than 20 adult care home (ACH) beds from Peak Resources-Pinelake for a total of no more than 86 NF beds and 20 ACH beds at Sandhills Health & Rehabilitation Center (Sandhills).

On May 2, 2023 the Agency issued a certificate of need for Project I.D. #H-12290-22 to develop a new 86-bed nursing facility (NF), Sandhills Health & Rehabilitation Center by

relocating 86 existing licensed NF beds from St. Joseph of the Pines Health Center. The current application proposes a change of scope to the originally approved application by relocating 20 adult care home beds (ACH) from Peak Resources-Pinelake, for a new total of no more than 86 NF beds and no more than 20 ACH beds at Sandhills Health & Rehabilitation Center upon project completion.

Need Determination

There were no need determinations in the 2022 State Medical Facilities Plan (SMFP) applicable to Project ID #H-12290-22 and the applicant proposes no changes in the current application which would affect that determination. 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 were two policies applicable to Project ID #H-12290-22: *Policy NH-8: Innovations in Nursing Home Facility Design* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Project ID # H-12290-22 was found to be consistent with *Policy NH-8: Innovations in Nursing Home Facility Design* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* as published in the 2022 SMFP, and there is nothing in this review that would affect that determination.

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 does not propose to develop any beds, services, or equipment for which there is a need determination in the 2024 SMFP.
- The applicant proposes to relocate 20 ACH beds from St. Joseph of the Pines Health Center to Sandhills Health & Rehabilitation Center. Both facilities are in Moore County.
- The applicant adequately demonstrated that the proposal was consistent with Policies NH-8 and Policy GEN-4 in Project ID #H-12290-22 and there is nothing proposed in this application that would affect that determination.

- (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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and no more than 20 ACH beds at Sandhills upon project completion.

In Section C, pages 37-38 the applicant summarizes the project as follows:

“The previously approved project included the relocation of 86 Nursing Facility (NF) Beds from within Moore County to a newly constructed Nursing Facility. These 86 NF beds are being relocated from a currently licensed Nursing Facility - St. Joseph of The Pines Health Center.

During the planning phases for this project, the applicants were presented with an opportunity to relocate an additional 20 Adult Care Home (ACH) beds from within Moore County and place these beds into service within the current project. These 20 ACH beds are currently licensed to Peak Resources - Pinelake, an existing facility located within Moore County. Peak Resources - Pinelake has struggled to operate their ACH beds efficiently over the years and are in the process of submitting a separate Certificate of Need application to relocate 18 Nursing Facility (NF) beds from within Moore County to replace their existing Adult Care Home wing of the facility.”

In Section C, pages 38-39 the applicant states the change of scope will provide a modern facility with both NF and ACH beds to serve residents of Moore County, who currently have access to NF and ACH beds in older facilities in which occupancy rates are low. The applicant states the antiquated facilities may be a cause for lower occupancy levels, and the new facility with both NF and ACH beds will provide needed care for Moore County residents in need of NF and ACH services.

Patient Origin

On page 179, the 2024 SMFP defines the service area for adult care home beds as “... the county in which the adult care home bed is located. Each of the 100 counties in the state is a separate service area.”

In Project ID #H-12290-22 the applicant proposed to develop a new 86-bed NF by relocating existing NF beds within Moore County. In this application, the applicant proposes to relocate 20 ACH beds from Peak Resources-Pinelake to Sandhills Health & Rehabilitation Center. Both facilities are located 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. In Section C, pages 39-40 the applicant states the patient origin is not expected to change as a result of this COS application, in which the applicant projected that 90% of the facility residents would originate from Moore County. In Project ID #H-12290-22, the applicant's patient origin was reasonable and adequately supported and there are no changes in the current application that would affect that determination.

Analysis of Need

In Section C, pages 37-39 the applicant explains the changes proposed in this application, summarized as follows:

- Project ID #H-12290-22 authorized the development of a new 86-bed NF by relocating existing NF beds within Moore County from St. Joseph of the Pines Health Center.
- During the planning phase of Project ID #H-12290-22 the applicant determined that utilization of existing ACH beds at Peak Resource-Pinelake, an existing facility in Moore County, has been under 50% for several years.
- The applicant states the Moore County residents who need ACH and NF services will be more efficiently and effectively served by relocating the existing ACH beds at Peak Resources-Pinelake to Sandhills Health and Rehabilitation Center, because it will be a new, state-of-the-art facility. Additionally, by providing both NF and ACH services in one facility, the applicant states the facility will provide an enhanced continuum of care to its residents.
- The applicant states that, since the beds proposed to be relocated are currently licensed in Moore County and will be relocated within Moore County, the surplus or deficit of ACH beds in the county will not be impacted.
- In Exhibit C.8 the applicant provides data from the North Carolina Office of State Budget and Management (NC OSBM) that projects the 65+ population, the cohort more likely to need ACH / NF services, is projected to increase at a faster rate in Moore County than in the state as a whole.
- The applicant states that the existing nursing facilities in Moore County are over 30 years old, with the average age of those facilities being 34 years. The applicant states that the county residents who need ACH and NF services need a newer facility that can provide the care they need.

The information is reasonable and supported based on the following:

- The applicant proposes to relocate existing, licensed ACH beds into a newer combination NF/ACH facility that will more effectively serve Moore County residents who need the care.
- The applicant examined patient origin data from existing Moore County nursing facilities to ensure the proposed ACH and NF beds will serve those patients who are most in need of those services.
- The applicant provides reliable information regarding projected population growth of Moore County residents age 65 and over, which is the population group most likely to utilized both ACH and NF services.

Projected Utilization

In Section C, page 40 the applicant states projected utilization is expected to change with the addition of the proposed ACH beds. The following table, from Section Q, Form C.1b, page 2 illustrates projected utilization for the facility for the first three full fiscal years, calendar years (CY) 2027-2029:

SANDHILLS HEALTH & REHABILITATION - PROJECTED UTILIZATION			
	1ST FY CY 2027	2ND FY CY 2028	3RD FY CY 2029
Nursing Facility Beds			
# of Patient Days	17,739	28,470	28,470
Total # of Beds	86	86	86
# of Admissions	153	245	245
Average Length of Stay	116	116	116
Occupancy Rate	56.5%	90.7%	90.7%
Adult Care Home Beds			
# of Patient Days	5,978	6,570	6,570
Total # of Beds	20	20	20
# of Admissions	18	30	30
Average Length of Stay	332	219	219
Occupancy Rate	81.9%	90.0%	90.0%

In Section C, page 40 and Section Q *Significant Assumptions*, the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

- The applicant proposes a change of scope that adds 20 ACH beds to a previously approved, but not yet developed nursing facility. The applicant states its projected utilization assumptions regarding the fill-up rate for the additional 20 ACH beds proposed in this application are consistent with the fill-up rate for the NF beds previously approved in Project ID #H-12290-22.
- The applicant utilized a net average fill-up rate of eight patients per month (2 per week) during the fill up period. In January 2028 the applicant projects a stabilized occupancy of 90.7% for the NF beds and 90.0% for the ACH beds at the proposed facility.

- The facility will be brand-new with enhanced amenities compared to existing Moore County nursing facilities.

Projected utilization is reasonable and adequately supported for all the reasons described above.

Access to Medically Underserved Groups

The application for Project ID #H-12290-22 adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed services. In Section C, page 40 the applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and no more than 20 ACH beds at Sandhills upon project completion.

In Section D, pages 45-47 the applicant explains why it believes the needs of the population presently utilizing the ACH beds proposed to be relocated will continue to be adequately met following project completion. On page 45, the applicant states Peak Resources–Pinelake has struggled to efficiently operate the existing ACH beds in that facility and plans to discontinue the ACH services that it currently provides. The applicant states occupancy of the ACH beds at Peak Resources-Pinelake has been under 50% for several years, while overall ACH occupancy in Moore County has been 65% during the same time. The applicant states that due

to the county’s low ACH utilization rate, there will be ACH beds available to Moore County patients in other facilities.

The information is reasonable and adequately supported because the applicant explains the limited occupancy rate of the existing ACH beds at Peak Resources-Pinelake.

In supplemental information provided at the Agency’s request, the applicant provides projected utilization for Peak Resources-Pinelake NF beds following the relocation of the 20 ACH beds, as illustrated in the following table:

PEAK RESOURCES-PINELAKE - PROJECTED UTILIZATION			
	INTERIM FY FFY 2024	INTERIM FY FFY 2025	1ST FULL FY FFY 2026[^]
Nursing Facility Beds			
Total # of Beds	90	90	108
# of Admissions	368	368	400
# of Patient Days	32,137	32,137	34,902
Average Length of Stay	87.3	87.3	87.3
Occupancy Rate	97.8%	97.8%	88.5%
Adult Care Home Beds*			
Total # of Beds	20	20	0
# of Admissions	15	15	0
# of Patient Days	2,837	2,837	0
Average Length of Stay	189.1	189.1	0
Occupancy Rate	38.9%	38.9%	0.0%

*See Project ID #H-12578-24

[^]First full FY of this application

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

- The applicant states there will be no disruption in the availability of adult care services in Moore County following the relocation of the beds as proposed in this application, since the average county occupancy rate is 65%.
- The applicant states the ACH beds proposed to be relocated have a low utilization rate and the NF residents currently served and projected to be served will not be impacted by this proposal.

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

- The applicant states the ACH population presently served at Peak Resources-Pinelake will continue to be served until discharge or transfer to skilled nursing care.
- The applicant states the occupancy rates at other ACH facilities in the county are low enough to accommodate additional ACH admissions.

Access to Medically Underserved Groups

In Section D, pages 45-46 the applicant states the proposed ACH bed relocation will not have a long term effect on the provision of services to low income persons, racial and ethnic minorities, women, persons with disabilities, the elderly and Medicare and Medicaid recipients. The applicant states the ACH beds will remain in Moore County to serve Moore County residents.

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use NF and ACH will be adequately met following project completion.

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.

CA

The applicant proposes a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

In Section E, page 47, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo – the applicant states the 20 ACH beds proposed to be relocated would be de-licensed and thus unavailable to Moore County residents who need the beds. Furthermore, pursuant to Project ID #H-12290-22, the facility will be constructed with additional space to accommodate additional beds. The applicant states that, by relocating the existing ACH beds within Moore County, they will continue to effectively serve Moore County residents.
- Relocate ACH beds from another service area – The applicant states this is not an effective alternative, because there is a surplus of ACH beds in Moore County as published in the 2024 SMFP, and no need determination for ACH beds in Moore County. Additionally, this option would be more costly, since Project ID #H-12290-22 was approved with construction plans for sufficient capacity to accommodate future

beds. Relocating the un-utilized ACH beds within Moore County not only effectively serves Moore County residents who need ACH services but is also more cost effective.

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

- The applicant explains why each alternative it considered is not an effective alternative to meet the needs of Moore County patients who need NF services.
- The applicant adequately explains why the ACH beds proposed to be relocated will not adversely affect those patients who need those 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 for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Sandhills Health & Rehabilitation, LLC and Pinehurst Healthcare Properties, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and representations made in Project ID #H-12290-22. Where representations conflict, the applicant shall materially comply with the last made representation.**
- 2. The certificate holder shall relocate no more than 20 ACH beds from Peak Resources-Pinelake for a total of no more than 86 NF beds and 20 ACH beds at Sandhills Health & Rehabilitation Center upon project completion.**
- 3. The total combined capital expenditure for this project and Project ID #H-12290-22 is \$40,405,700 which is an increase of \$210,000 over the capital expenditure of \$40,195,700 previously approved in Project ID #H-12290-22.**
- 4. The certificate holder shall certify at least 40 percent of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid and provide care to those recipients commensurate with representations made in the application.**
- 5. For the first two years of operation following completion of the project, Sandhills Health & Rehabilitation Center shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q of the application**

without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.

6. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
- b. The certificate holder shall complete all sections of the Progress Report form.
- c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
- d. The first progress report shall be due on July 1, 2025.

7. 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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

Capital and Working Capital Costs

A certificate of need was issued on May 2, 2023, for Project I.D. #H-12290-22 to develop a new 86-bed NF with an authorized capital cost of \$40,195,700. The current application proposes a capital cost increase of \$210,000 over the previously approved capital expenditure for a total combined capital expenditure of \$40,405,700, to accommodate relocating 20 ACH beds as proposed in this application.

The following table compares the capital cost approved in Project ID #H-12290-22, the changes proposed in this application, and the new projected capital costs, as reported on Form F.1b in Section Q:

	PREVIOUSLY APPROVED CAPITAL COST (PROJECT ID# H-12290-22)	NEW CAPITAL COST	DIFFERENCE: CAPITAL COST IN PROJECT ID #H-12579-24
Land Purchase Price	\$2,600,000	\$2,600,000	\$0
Closing Costs	\$1,829,700	\$1,829,700	\$0
Site Preparation	\$250,000	\$250,000	\$0
Construction/Renovation Contract	\$33,294,000	\$33,294,000	\$0
Landscaping	\$100,000	\$100,000	\$0
Architect/Engineering Fees	\$350,000	\$350,000	\$0
Medical Equipment	\$344,000	\$344,000	\$0
Non-Medical Equipment	\$258,000	\$318,000	\$60,000
Furniture	\$430,000	\$530,000	\$100,000
Consultant Fees	\$40,000	\$40,000	\$0
Other (Contingency)	\$700,000	\$750,000	\$50,000
Total	\$40,195,700	\$40,405,700	\$210,000

Source: Section Q, Form F.1b

In Section Q, in the “*Significant Assumptions for Section Q*”, the applicant provides the assumptions used to determine the capital cost increase. In Section F, page 54 the applicant states the proposed capital cost increase is a result of the proposed addition of 20 ACH beds. The applicant states the original building footprint was designed for 100 rooms, all of which would be sized for potential double occupancy/semi private rooms. The proposed addition of 20 ACH beds in addition to the originally approved 86 NF beds can be accommodated within the original building footprint with minimal associated costs.

The applicant adequately demonstrates that the projected increase in overall capital cost is based on reasonable and adequately supported assumptions because the original footprint can accommodate the relocated ACH beds and the applicant states the additional costs are only for additional furniture and non-medical equipment.

In Section F, page 55 the applicant states working capital will decrease from what was approved in Project ID #H-12290-22, as shown in the following table from Section F, page 56:

WORKING CAPITAL CHANGES BETWEEN PROJECT ID #H-12290-22 AND PROJECT ID #H-12579-24	
New Total Estimated Operating Costs During Initial Operating Period	\$1,964,274
New Total Working Capital	\$1,964,274
Previously Approved Total Working Capital	\$2,206,000
Difference	(\$241,726)

The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions because the applicant states this COS/COR application decreased working capital costs since certain fixed costs associated with this proposal can be absorbed within the facility operations.

Availability of Funds

The current application proposes a capital cost increase of \$210,000 over the previously approved capital cost of \$40,195,700 in Project ID #H-12290-22, for a combined total capital cost of \$40,405,700.

In supplemental information provided at the Agency’s request, the applicant provided a letter dated January 28, 2025 from the President of SanStone Health & Rehabilitation, the parent company of Sandhills Health and Rehabilitation, LLC that confirms the availability of sufficient cash and cash equivalents to fund the project capital cost. The letter also commits the funds to the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

In Section Q, Form F.2b, page 5 the applicant projects revenues will exceed operating expenses in the last two full operating years, calendar years (CY) 2028-2029 as shown in the table below:

	1 ST FULL OY CY 2027	2 ND FULL OY CY 2028	3 RD FULL OY CY 2029
Total Patient Days (Form C.1b)	23,717	35,040	35,040
Gross Revenue	\$7,805,942	\$12,032,607	\$12,032,607
Net Revenue	\$7,727,882	\$11,912,281	\$11,912,281
Average Net Revenue / Patient Day	\$326	\$340	\$340
Operating Costs	\$8,773,097	\$11,209,683	\$11,209,683
Average Operating Costs / Patient Day	\$370	\$320	\$320
Net Income (Loss)	(\$1,045,215)	\$702,598	\$702,598

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 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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

In this application, the applicant proposes to relocate existing, licensed ACH beds from one facility in Moore County to another facility in Moore County. The applicant does not propose to develop any beds that would alter the existing complement of ACH 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 ACH services, because the beds would be relocated within the county.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

In Section Q, Form H the applicant provides projected full-time equivalent (FTE) staffing for the proposed facility in the first three project years (PY) as illustrated in the following table:

POSITION	PROJECTED FTE STAFF		
	1 ST FULL PY CY 2027	2 ND FULL PY CY 2028	3 RD FULL PY CY 2029
Registered Nurses	4.00	6.00	6.00
Licensed Practical Nurses	11.00	17.00	17.00
Certified Nurse Aides/Nursing Assistants	16.00	26.00	26.00
Director of Nursing	1.00	1.00	1.00
MDS Nurse	1.00	1.50	1.50
ACH Nursing Assistant	7.25	8.00	8.00
Food Service Supervisor	1.00	1.00	1.00
Cooks	2.50	2.50	2.50
Dietary Aides	4.50	8.50	8.50
Social Workers	1.00	1.00	1.00
Activities Director	1.00	1.00	1.00
Activities Assistance	3.00	3.00	3.00
Medical Records	1.00	1.00	1.00
Laundry & Linen Supervisor	0.50	1.00	1.00
Laundry & Linen Aide	2.50	3.50	3.50
Housekeeping Supervisor	0.50	1.00	1.00
Housekeeping Aide	2.50	3.50	3.50
Maintenance/Engineering	1.00	1.00	1.00
Administrator/CEO	1.00	1.00	1.00
Marketing Director	0.50	1.00	1.00
Admissions Coordinator	1.00	1.00	1.00
Bookkeeper	2.00	2.00	2.00
Clerical	1.00	1.00	1.00
TOTAL	66.75	93.50	93.50

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.2b.

In Section H, page 60 the applicant states it will add clinical, laundry, housekeeping and dietary staff to accommodate the ACH beds proposed in this application. The methods used to recruit or fill new positions and its proposed training and continuing education programs propose no changes to what was approved in Project ID #H-12290-22.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services because the applicant proposes to add staff necessary to accommodate the relocated ACH beds, and otherwise proposes no changes to staffing projections as approved in Project ID #H-12290-22.

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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

In Section I, page 62 the applicant states the COS application has no impact on the provision of ancillary and support services. The applicant states:

“All previously approved ancillary and support services would also be applicable to this proposed change of scope to add 20 Adult Care Home beds to the newly constructed facility. There would be no additional ancillary and support services applicable to this change of scope.”

The application for Project ID #H-12290-22 adequately demonstrated the availability of the ancillary and support services necessary for the provision of the proposed services and adequately demonstrated the proposed services would be coordinated with the existing healthcare system. The applicant proposes no changes in the current application which would affect that determination.

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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

In Section K, page 65 the applicant states the project does not require additional construction, because the original facility design pursuant to Project ID #H-12290-22 included a design that

would accommodate additional beds for future growth. The applicant states there are no changes in cost, design or construction from the previously approved project.

The applicant does not propose to construct any new 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;

NA

Sandhills is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (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;

NA

Sandhills is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

- (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

The applicant proposes a COS for Project ID #H-12290-22. In Section L, page 73 the applicant states the change in payor mix is limited to additional access to the ACH beds proposed in this application.

The applicant was found conforming to this Criterion in Project ID #H-12290-22, which involved only NF beds, and the only change proposed in this application is the addition of ACH beds. In Section L, page 74 the applicant projects the following payor

mix for the proposed ACH services during the third full fiscal year of operation following project completion, CY 2029 as shown in the following table:

**Sandhills Health and Rehabilitation, LLC
Projected Payor Mix**

PAYOR CATEGORY	PERCENT OF TOTAL PATIENTS SERVED
Self-Pay	60.0%
Medicare	0.0%
Medicaid	40.0%
Other (Hospice)	0.0%
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 60.0% of total ACH services will be provided to self-pay patients and 40.0% to Medicaid patients.

In Section L, page 74 the applicant provides the assumptions and methodology used to project payor mix for ACH services during the third full fiscal year of operation following project completion. The projected payor mix for ACH services is reasonable and adequately supported because the applicant relied on its examination of 2024 License Renewal Applications for existing Moore County ACH facilities.

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.

- (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

The applicant proposes a COS for Project ID #H-12290-22. Project ID #J-12355-23 was conforming to this criterion and the applicant proposes no changes in the current application that would affect that determination.

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.

- (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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

Project ID #H-12290-22 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

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.

- (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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH

beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills upon project completion.

The application for Project ID #H-12290-22 adequately demonstrated the expected effects of the proposed services on competition and how any enhanced competition would have a positive impact on cost-effectiveness, quality, and access to the services proposed. The applicant proposes no changes in this application which would affect that determination. The applicant proposes to relocate existing, licensed ACH beds from a facility in which those beds are not currently utilized to a new facility to be developed pursuant to Project ID #H-12290-22. In Section N, page 80 the applicant states the proposal will not increase the number of licensed ACH beds in Moore County, and will offer those services in a new, state-of-the-art facility.

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.

C

The applicant proposes a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and 20 ACH beds at Sandhills 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 17 of this type of facility located in North Carolina.

In Section O, page 79 the applicant refers to Exhibit O.4 and states all of its facilities “*are in full compliance after clearing any survey deficiencies.*” Exhibit O.4 provides copies of the most recent surveys conducted by the DHSR Nursing Home Licensure and Certification Section for all of its facilities.

According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in eight of these facilities, and three of

the eight facilities were back in compliance with the Medicare Conditions of Participation. The fourth facility recertification survey date was listed as “TBD”. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all 17 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 a change of scope (COS) for Project ID # H-12290-22 (Develop a new NF by relocating no more than 86 NF beds from St. Joseph of the Pines), to relocate 20 ACH beds from Peak Resources-Pinelake for a total no more than 86 NF beds and no more than 20 ACH beds at Sandhills upon project completion.

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