

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: September 25, 2019

Findings Date: September 27, 2019

Project Analyst: Tanya M. Saporito

Assistant Chief: Lisa Pittman

Project ID #: G-11660-19

Facility: The Ivy at Clemmons

FID #: 920769

County: Forsyth

Applicant: The Ivy at Clemmons, LLC

Project: Relocate no more than 26 existing ACH beds from Accordius Health at Winston-Salem to The Ivy at Clemmons for a total of no more than 96 ACH beds at The Ivy at Clemmons upon project completion

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicant for this proposed project is The Ivy at Clemmons, LLC. The owners of The Ivy at Clemmons, LLC own or operate several nursing and adult care home facilities in Forsyth County, two of which are the subject of separate concurrently-filed applications for certificates of need. Accordius Health at Winston-Salem is a combination facility with both nursing care (NF) and adult care home (ACH) beds located in Winston-Salem. For the purposes of this application it shall be referred to as Accordius Winston. The Ivy at Clemmons is an adult care home facility located in Clemmons. For the purposes of this application it shall be referred to as The Ivy. Accordius Health at Clemmons (Accordius Clemmons) is a nursing facility located in Clemmons and is involved in Project ID #G-11704-19.

In this application, the applicant proposes to relocate 26 existing ACH beds from Accordius Winston to The Ivy. Upon completion of this project and Project ID #G-11704-19, The Ivy will be licensed for 96 ACH beds, Accordius Winston will be licensed for 66 NF beds and 14 ACH beds (which it does not propose to immediately utilize) and Accordius Clemmons will be licensed for 94 NF beds.

The applicant concurrently submitted two separate CON applications in order to relocate existing beds to create two single service (either only NF beds or only ACH beds) facilities from three existing facilities. The two applications submitted are:

- Project ID #G-11660-19 – relocate 26 ACH beds from Accordius Winston to The Ivy
- Project ID #G-11704-19 – relocate 26 NF beds from Accordius Clemmons to Accordius Winston

The facilities, CON Project ID numbers and current and proposed bed complements are illustrated in the following tables:

Existing Facility Bed Complements

FACILITY	CITY	# NF BEDS	# ACH BEDS	TOTAL BEDS
Accordius Winston	Winston-Salem	40	40	80
The Ivy at Clemmons	Clemmons	0	70	70
Accordius Clemmons	Clemmons	120	0	120

Proposed Facility Bed Complements

FACILITY	CITY	# NF BEDS	# ACH BEDS	TOTAL BEDS
Accordius Winston	Winston-Salem	66	14*	80
The Ivy at Clemmons	Clemmons	0	96	96
Accordius Clemmons	Clemmons	94	0	94

*following completion of the project, Accordius Winston will maintain the license on the 14 ACH beds but does not propose to utilize them immediately.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2019 State Medical Facilities Plan (2019 SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2019 SMFP which is applicable to this review: *Policy LTC-2: Relocation of Adult Care Home Beds.*

Policy LTC-2: Relocation of Adult Care Home Beds states:

“Relocations of existing licensed adult care home beds are allowed to another service area. Certificate of need applicants proposing to relocate licensed adult care home beds to another service area shall:

1. Demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed adult care home beds in the county that would be losing adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins; and

2. Demonstrate that the proposal shall not result in a surplus, or increase an existing surplus of licensed adult care home beds in the county that would gain adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”

The applicant proposes to relocate a total of 26 adult care home beds within Forsyth County. In Chapter 11, page 219 of the 2019 SMFP, an adult care home bed’s service area is defined as “*county in which the adult care home bed is located.*” The adult care home beds in both Accordius and The Ivy are located in Forsyth County and thus they are located within the same service area.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion because the applicant adequately documents that the proposed relocation of existing ACH beds from Accordius to The Ivy is within Forsyth County, and thus consistent with Policy LTC-2.

- (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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate 26 existing ACH beds from Accordius Winston to The Ivy, for a total of 96 ACH beds at The Ivy and 14 ACH beds at Accordius Winston following completion of the proposed project. The NF beds at Accordius Winston will not be affected by this proposal.

Patient Origin

On page 219, the 2019 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

In Section C.3, page 18, the applicant provides the projected patient origin in Project Year three (calendar year 2022) for The Ivy following relocation of the beds as proposed in this application, summarized below.

**The Ivy at Clemmons
Projected Patient Origin**

COUNTY	# PATIENTS	% OF TOTAL
Forsyth	122	93.4%
Davidson	9	6.6%
Total	131	100.0%

In Section C, page 18 and in supplemental information, the applicant provides the assumptions and methodology used to project patient origin, and states projected patient origin is based on the historical patient origin. The applicants' assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.4, page 19 and in supplemental information, the applicant states the ACH beds proposed to be relocated are currently licensed as part of Accordius Winston, a combination facility with both NF and ACH beds. The applicant states that combination facilities are an antiquated design model that does not effectively meet the needs of either NF or ACH residents, since the level of care required for each level is so different. Therefore, the applicant states relocating 26 ACH beds out of Accordius Winston would allow that facility to focus only on and thus better serve its NF residents. Similarly, relocating the ACH beds to The Ivy would allow that facility to focus only on and thus better serve its ACH residents. The applicant is not proposing to add beds to the service area; rather, the applicant proposes to relocate and repurpose existing, unutilized ACH beds in a facility that is better equipped to serve the residents the beds are designed to serve.

Additionally, the applicant provided additional supplemental information that shows that the applicant acquired five similar facilities in North Carolina between 2017 and 2019. The occupancy rates at each of these facilities increased significantly between the date of acquisition and the date the information was submitted to the Agency, August 26, 2019.

In Section C, pages 19 – 20 and in supplemental information provided at the Agency's request, the applicant explains why it believes the population projected to utilize the proposed relocated ACH services needs those services, as summarized below:

- The applicant states the design model that combines both NF and ACH care in one facility does not efficiently serve either resident. The relocation of 26 ACH beds to an exclusively ACH facility ensures that The Ivy residents will receive quality care that is tailored to their needs.
- The applicant states that by relocating the beds to an ACH-only facility, the staff is better equipped to care for residents using a continuum of care unique to ACH residents.
- The applicant states that on numerous occasions in the past year following the applicant’s acquisition of The Ivy, adult care residents have transferred their care from Accordius Winston to The Ivy to receive the ACH care provided at that facility.

The information is reasonable and adequately supported for the following reasons:

- The applicant provides adequate reasons to support the need that the population proposed to be served by the relocated ACH beds has for those beds.
- The applicant provides adequate documentation to demonstrate that a combination facility that provides both NF and ACH care is an antiquated model that does not effectively serve either resident.
- The applicant provides adequate information to demonstrate that existing ACH residents have already relocated to The Ivy and are likely to continue to do so.

Projected Utilization

In Form C, the applicant provides projected utilization of the ACH beds at The Ivy as illustrated in the following table:

Projected Utilization – ACH beds						
	HISTORICAL CY 2017	INTERIM CY 2018	INTERIM CY 2019	1ST FULL FY CY 2020	2ND FULL FY CY 2021	3RD FULL FY CY 2022
Days of Care	21,860	20,862	20,863	29,896	30,494	31,104
# Beds	96	70	70	96	96	96
Occupancy	62.4%	81.7%	81.7%	85.3%	87.0%	88.7%

In Section Q and in supplemental information, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- Historical utilization represents actual utilization for the last full fiscal year. The applicant acquired the facility in November 2018.
- The applicant examined historical population increases in the service area, particularly of persons age 65 and over, and based projected utilization on that data.
- Population in the service area, particularly of persons age 65 and over, has increased at least 10% per year over the last three years.
- The applicant’s experience with similar projects involving other ACH facilities has resulted in facility census growth of up to 12% per year.

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

- Projected utilization is based on the applicant's experience with occupancy at the existing facility, after the applicant acquired the facility.
- Projected utilization is based on the applicant's experience in other similar facilities.
- Projected utilization is based on historical and projected population growth of the 65+ age group in the service area.

Access

In Section C.8, pages 20 - 21, the applicant describes the access low-income people, racial and ethnic minorities, women, disabled people, the elderly, and underserved groups will have to the proposed services.

On page 21, the applicants state:

“Many adult care facilities do not accept Medicaid as a payment method, but The Ivy at Clemmons does accept Medicaid patients. This will allow for low income persons in the county to be serviced at the facility. The facility policy is not to discriminate based on ethnicity or gender, so women and persons of all racial and ethnic minorities will be serviced at the facility.”

In Exhibit C-8(a) the applicant provides a copy of the facility's non-discrimination policy.

In Section L and in supplemental information the applicant project that 28.44% of total ACH bed days will be private pay and 71.56% will be covered by County Special Assistance in the third full fiscal year (CY 2022) following completion of the project. The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- Supplemental information requested during the review, and
- information publicly available during the review and used by the Agency

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

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.

- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports the assumptions.
- (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, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

The applicant owns and operates The Ivy, located in Clemmons and Accordius Winston, located in Winston-Salem. Both facilities are located in Forsyth County. The Ivy is currently licensed for 70 ACH beds, and Accordius Winston is currently licensed for a total of 80 beds [40 NF and 40 ACH beds]. The applicant proposes to relocate 26 ACH beds from Accordius Winston to The Ivy, for a total of 96 ACH beds at The Ivy and 14 ACH beds at Accordius Winston following completion of the proposed project. The NF beds at Accordius Winston will not be affected by this proposal.

In Section D, page 25, and in supplemental information, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced, eliminated or relocated will be adequately met following completion of the project. The applicant states that the 14 ACH beds remaining at Accordius Winston will remain licensed, but will not be immediately utilized, thus leaving Accordius Winston providing only nursing care. The applicant states it will retain those 14 ACH beds on the license, in the event ACH residents may need those services in the future. The applicant states the ACH residents who were receiving care at Accordius Winston will transfer their care to The Ivy, which is approximately 11 miles away. In fact, the applicant states many of the existing ACH residents at Accordius Winston have already transferred their care to The Ivy.

The applicant also states that by relocating ACH beds to an ACH facility, ACH residents will be better served than they would in a combination facility with both NF and ACH beds. On page 25, the applicant states the residents in the ACH facility will have access to *“programming geared toward people on their level of functionality. It will also allow them to be a part of a larger community of ACH residents.”*

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 applicant adequately demonstrates that:

- The needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion.
 - The project will not adversely impact the ability of underserved groups to access these services following project completion.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

The applicant proposes to relocate 26 ACH beds from Accordius Winston, a combination NF and ACH facility, to The Ivy, an ACH facility. Following the relocation, The Ivy will be licensed for a total of 96 ACH beds, and Accordius Winston will be licensed for 40 NF and 14 ACH beds.

In Section E, page 28, 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 this was not an effective alternative because the ACH beds at Accordius Winston are historically underutilized due to the adult care residents' hesitancy to reside in a combination facility with both NF and ACH beds. The applicant states relocating as many ACH beds as The Ivy can accommodate will better serve the ACH residents and allow the applicant to operate a more efficient and cost-effective facility.
- Apply for New ACH Beds at The Ivy – the applicant states this was not an option because there is no need in the 2019 State Medical Facilities Plan for additional ACH beds in Forsyth County.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

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 the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. The Ivy at Clemmons, LLC shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, The Ivy at Clemmons, LLC shall materially comply with the last made representation.**
 - 2. The Ivy at Clemmons, LLC shall relocate no more than 26 adult care home beds from Accordius Health at Winston-Salem to The Ivy at Clemmons, for a total of no more than 96 adult care home beds at The Ivy at Clemmons.**
 - 3. Upon completion of the project, Accordius Health at Winston-Salem shall delicense 26 adult care home beds and shall be licensed for no more than 40 nursing facility beds and 14 adult care home beds.**
 - 4. The Ivy at Clemmons shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**
 - 5. For the first two years of operation following completion of the project, The Ivy at Clemmons shall not increase private pay charges more than 5% of the projected private pay charges provided in Form F.2 of the application and supplemental information 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. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, The Ivy at Clemmons shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 7. The Ivy at Clemmons, LLC 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 26 ACH beds from Accordius Winston, a combination NF and ACH facility, to The Ivy, an ACH facility. Following the relocation, The Ivy will be licensed for a total of 96 ACH beds, and Accordius Winston will be licensed for 40 NF and 14 ACH beds.

Capital and Working Capital Costs

In Section Q and in supplemental information, the applicant projects the total capital cost of the project as shown in the table below.

Projected Capital Cost, Form F.1(a)

Site Costs	\$0
Construction Costs	\$139,000
Miscellaneous Costs	\$111,000
Total	\$250,000

In Exhibit F.1(b), the applicant provides a renovation estimate that totals \$252,238. In supplemental information, the applicant states it has not actually contracted with that group as of the date the application was prepared, and can keep the cost for the project under \$250,000.

In Section Q and in supplemental information, the applicant provides the assumptions used to project the capital cost.

In Section F, page 30, the applicant states there is no working capital required since the facility is currently operational.

Availability of Funds

In Section F, page 29, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

TYPE	NAFTALI ZANZPER	SIMCHA HYMAN	TOTAL
Loans	\$0	\$0	\$0
Accumulated reserves or OE *	\$125,000	\$125,000	\$250,000
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$125,000	\$125,000	\$250,000

*OE = Owner's Equity

In Exhibit F.3(c)(ii) and in supplemental information, the applicant provides letters as summarized below:

1. Letter signed by Naftali Zanziper, listed as Chief Executive Officer of a related entity by the North Carolina Secretary of State, which commits \$125,000 and any other costs incidental to the development of the project, toward the capital cost of the project.
2. Letter signed by Simcha Hyman, listed as the Chief Executive Officer of the applicant, The Ivy at Clemmons, LLC, which commits \$125,000 and any other costs incidental to the development of the project, toward the capital cost of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.5, the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below:

	1ST FULL FISCAL YEAR (CY 2020)	2ND FULL FISCAL YEAR (CY 2021)	3RD FULL FISCAL YEAR (CY 2022)
Total Days of Care	29,896	30,494	31,104
Total Gross Revenues (Charges)	\$2,591,136	\$2,642,959	\$2,695,818
Total Net Revenue	\$2,586,971	\$2,638,710	\$2,691,484
Average Net Revenue per Day of Care	\$86.53	\$86.53	\$86.53
Total Operating Expenses (Costs)	\$1,712,347	\$1,746,594	\$1,781,526
Average Operating Expense per Day of Care	\$57.28	\$57.28	\$57.28
Net Income	\$874,624	\$892,116	\$909,958

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application and supplemental information for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

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 the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 26 ACH beds from Accordius Winston, a combination NF and ACH facility, to The Ivy, an ACH facility. Following the relocation, The Ivy will be licensed for a total of 96 ACH beds, and Accordius Winston will be licensed for 40 NF and 14 ACH beds.

On page 219, the 2019 SMFP defines the service area for adult care home beds as:

“An adult care home bed’s service area is the adult care home planning area in which the bed is located.”

Thus, the service area for this project consists of Forsyth County. Facilities may serve residents of counties not included in their service area.

Table 11A of the 2019 SMFP indicates that there are currently a total of 33 facilities in Forsyth County with licensed ACH beds. The table below is a summary of the total facilities and ACH beds in Forsyth County, from the 2019 SMFP, Chapter 11, Table 11A and Table 11B. There is a projected surplus of 402 ACH beds in 2022 for Forsyth County.

2019 ACH INVENTORY AND 2022 NEED PROJECTIONS FOR FORSYTH COUNTY	
# ACH Facilities	33
# Beds in ACH Facilities	2,005
# Beds in Nursing Facilities	40
Total Licensed Beds	2,045
# CON Approved Beds (License Pending)	0
Total # Available in 2019 SMFP	0
Sum of Exclusions	0
Total # in Planning Inventory	2,045
Projected Bed Utilization	1,561
Projected Bed Surplus (Deficit)	402

The applicant does not propose to develop new ACH beds, but rather to relocate 26 existing underutilized ACH beds currently located at Accordius Winston, to The Ivy. There will be no increase in the inventory of ACH beds in Forsyth County as a result of this project.

In Section G, page 34, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved adult care services in Forsyth County, stating that the beds to be relocated currently exist and will serve the same population following the relocation.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the proposal would not result in an increase in the number of ACH beds in the county.

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 the reasons stated 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

In Section H.1, pages 35 - 36 and in supplemental information, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

The Ivy at Clemmons Current and Projected Staff

POSITION	CURRENT FTE STAFF	PROJECTED FTE STAFF
	2019	2ND FULL FISCAL YEAR CY 2021
MedTech	8.1	8.1
Med Tech Supervisor	1.0	1.0
Personal Care Aide	8.2	11.2
Resident Care Director	1.0	1.0
Resident Care Coordinator	1.0	1.0
Administrator	1.0	1.0
Activities	1.0	1.5
Housekeeper	1.6	1.6
Housekeeping Manager	1.0	1.0
Business Office Manager	1.1	1.1
Dietary Aide	2.6	2.6
Dietary Manager	1.0	1.0
Transportation	0.5	0.5
Maintenance Director	0.0	1.0
TOTAL	29.1	33.6

The assumptions and methodology used to project staffing are provided in Section H and supplemental information requested by the Agency. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form A, which is found in supplemental information submitted by the applicant. In Section H.2, page 36, the applicant describes the methods used to recruit or fill new positions. In Exhibit H.1, the applicant provides supporting documentation. The applicant states it employs a Chief Compliance Officer who creates a curriculum for compliance education for staff. The applicant states it does not currently offer a continuing education program.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

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 the reasons stated 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

In Section I, page 38, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Dental
- Podiatry
- Beautician
- Optometry
- Audiology
- Pharmacy

On page 38, the applicant states The Ivy at Clemmons does not have contracts for most ancillary services. The applicant states residents see external doctors and beauticians, and the staff provide assistance with selection and transportation. In Exhibit I.1(c), the applicant provides a copy of a contract with Southern Pharmacy Services. In Exhibit H.4(a), the applicant provides a copy of a contract between The Ivy and Eventus Whole Health for the provision of Primary Care, Mental Health, Podiatry, Optometry and Audiology services for residents of The Ivy.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

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.

- (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.

C

In Section K, page 41, the applicant states that the project involves renovating 600 square feet of existing space. Line drawings are provided in Exhibit K.2(b).

On page 41, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal and provides supporting documentation in Exhibit K.2(b). Additionally, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

The renovations to be performed are minimal renovations that will update the existing rooms; therefore, on page 41, the applicant states that there are no energy saving features incorporated into the plans at this time. The Ivy is an existing facility with existing space for the 26 beds proposed to be relocated.

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.

- (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 handicapped persons, 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 45 and in supplemental information, the applicant provides the historical payor mix during CY 2018 for the proposed services, as shown in the table below:

PAYOR CATEGORY	SERVICES AS PERCENT OF TOTAL
Private Pay	28.44%
State/County Special Assistance	71.56%
Total	100.00%

In Section L, page 46 and in supplemental information, the applicant states that 28.44% of paid bed days were private pay and 71.56% of paid bed days were covered by State/County special assistance during the last full fiscal year (CY 2018) prior to submission of the application.

In Section L, page 44, the applicant provides the following comparison.

	PERCENTAGE OF TOTAL PATIENTS SERVED BY THE FACILITY OR CAMPUS DURING THE LAST FULL FY	PERCENTAGE OF THE POPULATION OF THE SERVICE AREA
Female	63.3%	52.5%
Male	36.7%	47.5%
Unknown	0.0%	0.0%
64 and Younger	31.7%	84.4%
65 and Older	68.3%	15.6%
American Indian	0.0%	0.8%
Asian	1.0%	2.5%
Black or African-American	29.0%	27.4%
Native Hawaiian or Pacific Islander	0.0%	0.10%
White or Caucasian	70.0%	56.8%
Other Race	0.0%	2.2%
Declined / Unavailable	0.0%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons 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 45, the applicant states it has no obligation under any applicable federal regulations to provide uncompensated care, community service or access by minorities and handicapped persons.

In Section L, page 45, the applicant states that during the last five years 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
- Supplemental information requested by the Agency

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 46 and in supplemental information, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below:

PAYOR CATEGORY	SERVICES AS PERCENT OF TOTAL
Private Pay	28.44%
State/County Special Assistance	71.56%
Total	100.00%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 28.44% of total services will be provided to private pay patients and 71.56% to State/County special assistance patients.

On page 46 and in supplemental information, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the applicant's experience and historical payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information

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

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

C

In Section L, page 47, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

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

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

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

C

In Section M, page 48, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes.

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 applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

- (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 26 ACH beds from Accordius Winston, a combination NF and ACH facility, to The Ivy, an ACH facility. Following the relocation, The Ivy will be licensed for a total of 96 ACH beds, and Accordius Winston will be licensed for 40 NF and 14 ACH beds.

On page 219, the 2019 SMFP defines the service area for adult care home beds as:

“An adult care home bed’s service area is the adult care home planning area in which the bed is located.”

Thus, the service area for this project consists of Forsyth County. Facilities may serve residents of counties not included in their service area.

Table 11A of the 2019 SMFP indicates that there are currently a total of 33 facilities in Forsyth County with licensed ACH beds. The table below is a summary of the total facilities and ACH beds in Forsyth County, from the 2019 SMFP, Chapter 11, Table 11A and Table 11B. There is a projected surplus of 402 ACH beds in 2022 for Forsyth County.

2019 ACH INVENTORY AND 2022 NEED PROJECTIONS FOR FORSYTH COUNTY	
# ACH Facilities	33
# Beds in ACH Facilities	2,005
# Beds in Nursing Facilities	40
Total Licensed Beds	2,045
# CON Approved Beds (License Pending)	0
Total # Available in 2019 SMFP	0
Sum of Exclusions	0
Total # in Planning Inventory	2,045
Projected Bed Utilization	1,561
Projected Bed Surplus (Deficit)	402

In Section N, pages 48 - 49, the applicant describes the expected effects of the proposed services on competition in the service area and discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant does not propose to develop new ACH beds, but rather to relocate 26 existing underutilized ACH beds currently located at Accordius Winston, to The Ivy. There will be no increase in the inventory of ACH beds in Forsyth County as a result of this project.

The applicants adequately describe the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section A.10, page 9, the applicant identifies the adult care home facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of three adult care home facilities located in North Carolina.

In Section O, pages 51 - 53, the applicant explains that it began acquiring NF and ACH facilities in North Carolina beginning in October 2016, and that the facilities “*have come with a troubled past with few exceptions*”. In Section O, page 52, the applicant explains measures it has taken since acquiring these facilities to correct any deficient surveys that may have occurred. During the 18 months immediately preceding the submittal of the application, incidents related to quality of care did not occur in any facilities owned or operated by the applicant or a related entity. This is confirmed by the files in the Adult Care Licensure Section, DHSR. After reviewing and considering information provided by the applicant and by the Adult Care Licensure Section and considering the quality of care provided at all the applicant’s facilities, the applicant provided sufficient evidence that quality care has been provided since the applicant began operating the facilities. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

- (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 existing licensed adult care home beds from one existing facility to another existing facility in the same county. The Criteria and Standards for Nursing Facility or Adult Care Home Services, which are promulgated in 10A NCAC 14C .1100, are not applicable to this review because the rules do not apply to a proposal to relocate existing licensed adult care home beds.