

## 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-11704-19

Facility: Accordius Health at Winston-Salem

FID #: 952994

County: Forsyth

Applicant(s): Accordius Health at Winston-Salem, LLC

Project: Relocate no more than 26 existing NF beds from Accordius Health at Clemmons to Accordius Health at Winston-Salem for a total of no more than 66 NF beds and 14 ACH beds at Accordius Health at Winston-Salem upon completion of this project and Project ID #G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons)

### 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 Accordius Health at Winston-Salem, LLC. The owners of Accordius Health at Winston-Salem, 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. Accordius Health at Clemmons is another combination facility, located in Clemmons, which is not the subject of a certificate of need application, but from which NF beds are proposed to

be relocated. It shall be referred to as Accordius Clemmons. The Ivy at Clemmons is an adult care home facility located in Clemmons and is involved in Project ID #G-11660-19.

In this application, the applicant proposes to relocate 26 existing NF beds from Accordius Clemmons to Accordius Winston. Upon completion of this project and Project ID #G-11660-19 (relocate 26 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
<b>Total</b>		<b>160</b>	<b>110</b>	<b>270</b>

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
<b>Total</b>		<b>160</b>	<b>110</b>	<b>270</b>

\*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**

Policy NH-6: *Relocation of Nursing Facility Beds* from the 2019 SMFP, page 23, is applicable to this review.

Policy NH-6 states:

### ***“Policy NH-6: Relocation of Nursing Facility Beds***

*Relocations of existing licensed nursing facility beds are allowed. Certificate of need applicants proposing to relocate licensed nursing facility beds shall:*

- 1. Demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed nursing facility beds in the county that would be losing nursing facility 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 nursing facility beds in the county that would gain nursing facility 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.”*

In Section B, page 11, the applicant explains why it believes its application is conforming to Policy NH-6. The applicant states the proposed relocation is within Forsyth County and thus will not affect the current surplus.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- 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 demonstrates that the proposal will not affect the current surplus of NF beds in Forsyth County and thus is consistent with Policy NH-6.

- (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 nursing facility (NF) beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons). Accordius Clemmons is currently licensed as a nursing facility with 120 NF beds. Accordius Winston is currently licensed as a nursing facility, with 40 NF beds and 40 ACH beds. In Project ID #G-11660-19, the applicant states the 14 remaining ACH beds at Accordius Winston will remain licensed but will not be immediately utilized; therefore, the following analysis does not include ACH beds.

**Patient Origin**

On page 189, the 2019 SMFP defines the service area for NF beds as the area in which the NF 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 Accordius Winston following relocation of the beds as proposed in this application, summarized below:

**Accordius Health at Winston-Salem  
Projected Patient Origin  
NF Beds Only**

COUNTY	# PATIENTS	% OF TOTAL
Forsyth	114	98.3%
Stokes	1	0.85%
Davidson	1	0.85%
<b>Total</b>	<b>116</b>	<b>100.0%</b>

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 applicant's assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C.4, page 18 and in supplemental information, the applicant states the 26 NF beds proposed to be relocated are currently licensed at Accordius Clemmons, a 120-bed nursing facility located in Clemmons owned by the applicant. The applicant states the 26 NF beds to be relocated are not currently utilized because of capacity constraints at Accordius Clemmons. The applicant does not propose to add beds to the service area; rather, the applicant proposes

to relocate existing, unutilized NF beds in a facility that is better equipped to serve the NF 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 18 - 19 and in supplemental information, the applicant explains why it believes the population projected to utilize the proposed relocated NF beds needs those services, as summarized below:

- The applicant states the NF beds at Accordius Clemmons are almost completely full, at 88% occupancy in CY 2018.
- There are more residents in the service area who need NF services but who are turned away from Accordius Clemmons, who could be served at Accordius Winston.
- The applicant states that relocating the 26 unused NF beds at Accordius Clemmons to Accordius Winston will allow additional NF residents to obtain the nursing services they need.
- The applicant states that Accordius Winston will serve only NF residents following the bed relocation, which will allow the staff to more effectively care for residents using a continuum of care unique to NF residents.
- The applicant states the Forsyth County population age 65 and over grew by at least 10% per year over the past several years. The applicant projects that growth to continue.

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

- The applicant provides adequate reasons to support the need the population proposed to be served by the relocated NF beds has for those beds.
- The applicant provides historical population growth data to support the projected growth of the Forsyth County population age 65 and over.
- The applicant provides adequate information to demonstrate that the NF beds will be utilized at Accordius Winston.

*Projected Utilization*

In Form C provided in supplemental information, the applicant provides historical and projected utilization of the NF beds at Accordius Winston as illustrated in the following table:

<b>Historical and Projected Utilization – NF beds</b>						
	<b>HISTORICAL CY 2017</b>	<b>INTERIM CY 2018</b>	<b>INTERIM CY 2019</b>	<b>1<sup>ST</sup> FULL FY CY 2020</b>	<b>2<sup>ND</sup> FULL FY CY 2021</b>	<b>3<sup>RD</sup> FULL FY CY 2022</b>
Days of Care	11,329	12,842	12,842	23,367	23,608	23,850
# Beds	40	40	40	66	66	66
Occupancy	77.6%	88.0%	88.0%	97.0%	98.0%	99.0%

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

- Historical population growth in the service area, particularly of persons age 65 and over, has increased.
- The applicant projects the population growth, particularly of persons age 65 and over, to continue to increase.
- The applicant's experience with similar projects involving other ACH facilities has resulted in continued increase in facility census.

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

- Projected utilization is based on the applicant's historical experience at the existing 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:

*“Accordius Health at Winston-Salem will allow for low income persons in the county to be serviced at the facility by accepting Medicaid as a payment method. 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.*

...

*It is worth noting that Forsyth County has one of the highest populations of women and racial and ethnic minorities out of any of the surrounding counties. ... It is the hope of the applicant to continue and even increase the number of underserved persons within the service area.”*

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 projects that 9.1% of total days of care will be private pay and private insurance, 16.6% will be covered by Medicare and 74.3% will be covered by Medicaid 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 proposes to relocate 26 nursing facility (NF) beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons). Accordius Clemmons is currently licensed as a nursing facility with 120 NF beds. Accordius Winston is currently licensed as a nursing facility, with 40 NF beds and 40 ACH beds. In Project ID #G-11660-19, the applicant states the 14 remaining ACH beds at Accordius Winston will remain licensed but will not be immediately utilized; therefore, the following analysis does not include ACH beds.

In Section D, pages 24 - 25, and in supplemental information , the applicant states that the 26 NF beds that will be relocated from Accordius Clemmons are not currently being utilized because Accordius Clemmons only has capacity for 94 of its 120 beds. Therefore, relocating these unutilized beds to a facility where they can and will be utilized will more efficiently serve the needs of the population who needs NF beds in the service area.

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

- The projections are based on the facility's historical utilization.
- The projections are supported by the projected population growth for persons 65 years and older.
- Projected growth is based on the applicant's experience with other similar facilities.

### **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.

### C

The applicant proposes to relocate 26 NF beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons).

In Section E.2, page 27, the applicant states the only alternative considered was to maintain the status quo, leaving the NF beds as currently configured. The applicant states the 26 NF beds proposed to be relocated from Accordius Clemmons are not currently utilized because of limited space and capacity at that facility.

In addition, the applicant states that relocating the beds to the Winston-Salem facility would be the most effective alternative to meet the needs of existing and future Forsyth County NF residents, because the existing NF beds at Accordius Winston are nearly full and the population age 65 and over is continuing to grow. Therefore, the population projected to utilize those relocated NF beds will continue to need additional NF services. The applicant states that moving the NF beds to Accordius Winston will give service area residents access to existing NF beds that are currently unutilized.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need because it will relocate existing but unutilized NF beds from one facility to another facility that would more effectively serve existing and projected NF residents.



## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- 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. Therefore, the application is approved subject to the following conditions:

- 1. Accordius Health at Winston-Salem, LLC shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, Accordius Health at Winston-Salem, LLC shall materially comply with the last made representation.**
- 2. Accordius Health at Winston-Salem, LLC shall relocate no more than 26 nursing care beds from Accordius Health at Clemmons to Accordius Health at Winston-Salem for a total of 66 nursing care beds and 14 adult care home beds at the facility upon completion of this project and Project ID #G-11660-19.**
- 3. Upon completion of the project, Accordius Health at Clemmons shall delicense 26 nursing care beds and shall be licensed for no more than 94 nursing care beds.**
- 4. The Medicaid per diem reimbursement rates for the new nursing facility beds shall be equal to the rates for the facility's existing beds as of the date on which the additional beds are certified.**
- 5. The 26 additional nursing care beds shall not be certified for participation in the Medicaid program prior to July 1, 2020 unless the Division of Medical Assistance determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.**
- 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, Accordius Health at Winston-Salem, LLC 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. **For the first two years of operation following completion of the project, Accordius Health at Winston-Salem, LLC 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.**
  8. **Accordius Health at Winston-Salem, 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 NF beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons).

**Capital and Working Capital Costs**

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

Site Costs	\$0
Construction Costs	\$371,007
Miscellaneous Costs	\$128,993
<b>Total</b>	<b>\$500,000</b>

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

In Section F, page 29, the applicant states there is no working capital required since the facility is currently operational.

**Availability of Funds**

In Section F, page 28 and in supplemental information, 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 *	\$250,000	\$250,000	\$500,000
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
<b>Total Financing</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$500,000</b>

\*OE = Owner's Equity

In Exhibit F.3(c)(ii), the applicant provides two 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 \$250,000 toward the capital cost of the project.
2. Letter signed by Simcha Hyman, listed as the Chief Executive Officer of the The Ivy at Clemmons, LLC, which commits \$250,000 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 provided in supplemental information, the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below:

	1 <sup>ST</sup> FULL FISCAL YEAR (CY 2020)	2 <sup>ND</sup> FULL FISCAL YEAR (CY 2021)	3 <sup>RD</sup> FULL FISCAL YEAR (CY 2022)
Total Days of Care	23,367	23,608	23,850
Total Gross Revenues (Charges)	\$7,667,788	\$7,901,809	\$7,982,808
Total Net Revenue	\$7,497,508	\$7,726,332	\$7,805,533
Average Net Revenue per Day of Care	\$320.86	\$327.28	\$327.28
Total Operating Expenses (Costs)	\$5,213,968	\$5,318,247	\$5,372,763
Average Operating Expense per Day of Care	\$233.13	\$225.27	\$225.27
Net Income	\$2,283,540	\$2,408,085	\$2,487,286

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 NF beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons).

On page 189, the 2019 SMFP defines the service area for nursing facility beds as “*A nursing care bed’s service area is the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*” Thus, the service area for this facility is Forsyth County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A: Inventory of Nursing Home and Hospital Nursing Care Beds in the 2019 SMFP, page 195, Forsyth County currently has 16 nursing facilities with a total of 1,710 licensed nursing care beds.

**Forsyth County Nursing Facilities, 2019 SMFP**

FACILITY	# LICENSED NURSING CARE BEDS
Accordius Health at Winston-Salem	40
Accordius Health at Clemmons	120
Arbor Acres	83
Brookridge Retirement Community	77
Homestead Hills	40
Liberty Commons Nursing and Rehab Center of Silas Creek*	0
Oak Forest Health and Rehabilitation	170
Piney Grove Nursing and Rehabilitation Center	92
PruittHealth-High Point	100
Salem Towne	100
Silas Creek Rehabilitation Center	90
Summerstone Health and Rehab Center*	200
The Oaks	151
Trinity Elms	100
Trinity Glen	117
Winston Salem Nursing & Rehabilitation Center	230
<b>Total Nursing Care Beds</b>	<b>1,710</b>

\*Liberty Commons Silas Creek was approved to relocate 100 NF beds from Summerstone to Liberty Commons Silas Creek.

In Section G.3, page 34, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved nursing care services in Forsyth County. The applicant proposes to relocate existing nursing care beds that are currently unutilized, within the same county, to a facility that needs additional nursing care capacity.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- The beds proposed to be relocated are currently licensed but unutilized, and the applicant proposes to relocate them to a nursing facility that will utilize the beds.
- The applicant adequately demonstrates that the proposed nursing care beds are needed at the facility in addition to the existing or approved nursing care beds.

**Conclusion**

The Agency reviewed the:

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

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

**Accordius Health at Winston-Salem Current and Projected Staff**

POSITION	CURRENT FTE	PROJECTED FTE
	STAFF	STAFF
	2019	2ND FULL FISCAL YEAR CY 2021
Administrator	1.00	1.00
Admissions Director	1.00	1.00
Registered Nurse	4.97	5.97
LPN	9.72	10.72
CNA	4.12	6.62
CMA	3.20	3.20
Activities Director	1.00	1.00
Medical Records	1.00	1.00
MDS	1.00	2.00
Med Aide	0.60	0.60
Medical Tech	7.61	7.61
Transportation	1.58	1.58
Plant Operations/Maintenance	1.89	1.89
Business Office Manager	1.00	1.00
Receptionist	2.10	2.10
Social Services	1.00	1.00
Dietary Aide	4.98	4.98
Cook	3.30	3.30
Respiratory Therapist	0.10	0.50
<b>TOTAL</b>	<b>51.00</b>	<b>57.00</b>

The assumptions and methodology used to project staffing are provided in Section H and supplemental information. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form A, which is found in Section R. In Section H.2, page 35, the applicant describes the methods used to recruit or fill new positions. The applicant states it employs a Chief Compliance Officer who creates a curriculum for compliance education for staff. In Exhibit H.1, the applicant provides supporting documentation.

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 37, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Dental
- Podiatry
- Beautician
- Optometry
- Audiology
- Pharmacy
- Therapy
- Housekeeping and Laundry

On page 37, the applicant states Accordius Winston has existing relationships with Novant Health's preferred provider network, Forsyth County DSS, Davie County DSS, Forsyth Meals on Wheels, and "*multiple other Senior Services in the Forsyth area.*" In Exhibit I.1(c), the applicant provides a copy of a contract with Southern Pharmacy Services and a copy of a contract between Accordius Winston and Eventius Whole Health for the provision of Primary Care, Mental Health, Podiatry, Optometry and Audiology services for residents of the facility. Exhibit I.1(c) also includes copies of contracts for the provision of occupational, physical and speech therapy as well as pharmacy services.

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.



NA

The applicant does not propose to:

- Construct any new space
- Make more than minor cosmetic renovations to existing space

Therefore, Criterion (12) is not applicable to this review.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and 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 44 and in supplemental information, the applicant provides the historical payor mix during CY 2018 for both NF and ACH services, as shown in the tables below:

**Nursing Care Services Payor Mix, CY 2018**

PAYOR CATEGORY	DAYS OF CARE	SERVICES AS PERCENT OF TOTAL
Private Pay	326	2.51%
Insurance	596	4.60%
Medicare	3,206	24.80%
Medicaid	8,832	68.09%
<b>Total</b>	<b>12,960</b>	<b>100.00%</b>

**Adult Care Services Payor Mix, CY 2018**

PAYOR CATEGORY	DAYS OF CARE	SERVICES AS PERCENT OF TOTAL
Private Pay	818	13.07%
State/County Special Assistance	5,436	86.93%
<b>Total</b>	<b>6,254</b>	<b>100.00%</b>

In Section L, page 44, the applicant states that 2.51% of paid nursing bed days were private pay, 4.60% were covered by insurance, and 24.8% and 68.09% were covered

by Medicare and Medicaid, respectively. With regard to adult care services, the applicant states that 13.07% of bed days were private pay and 86.93% of 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 43, the applicants provide 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	48.9%	52.5%
Male	51.1%	47.5%
Unknown	0.0%	0.0%
64 and Younger	33.7%	84.4%
65 and Older	67.3%	15.6%
American Indian	0.0%	0.8%
Asian	0.0%	2.5%
Black or African-American	45.9%	27.4%
Native Hawaiian or Pacific Islander	0.0%	0.10%
White or Caucasian	43.9%	56.8%
Other Race	2.04%	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 44, 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 44, 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 45, 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:

**Nursing Care Services Payor Mix, CY 2022**

PAYOR CATEGORY	SERVICES AS PERCENT OF TOTAL
Private Pay	6.0%
Insurance	3.1%
Medicare	16.6%
Medicaid	74.3%
<b>Total</b>	<b>100.00%</b>

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.0% of paid nursing bed days will be private pay, 3.1% will be covered by insurance, and 16.6% and 74.3% will be covered by Medicare and Medicaid, respectively.

On page 45 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 46, 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 47, 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 NF beds from Accordius Clemmons to Accordius Winston, for a total of 66 NF beds and 14 ACH beds at Accordius Winston upon completion of this project and Project ID# G-11660-19 (relocate 26 ACH beds to The Ivy at Clemmons). In Project ID #G-11660-19 and in supplemental information, the applicant states the 14 remaining ACH beds at Accordius Winston will remain licensed but will not be immediately utilized; therefore, the following analysis does not include ACH beds.

On page 189, the 2019 SMFP defines the service area for nursing facility beds as “*A nursing care bed’s service area is the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*” Thus, the service area for this facility is Forsyth County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A: Inventory of Nursing Home and Hospital Nursing Care Beds in the 2019 SMFP, page 195, Forsyth County currently has 16 nursing facilities with a total of 1,710 licensed nursing care beds.

**Forsyth County Nursing Facilities, 2019 SMFP**

FACILITY	# LICENSED NURSING CARE BEDS
Accordius Health at Winston-Salem	40
Accordius Health at Clemmons	120
Arbor Acres	83
Brookridge Retirement Community	77
Homestead Hills	40
Liberty Commons Nursing and Rehab Center of Silas Creek*	0
Oak Forest Health and Rehabilitation	170
Piney Grove Nursing and Rehabilitation Center	92
PruittHealth-High Point	100
Salem Towne	100
Silas Creek Rehabilitation Center	90
Summerstone Health and Rehab Center*	200
The Oaks	151
Trinity Elms	100
Trinity Glen	117
Winston Salem Nursing & Rehabilitation Center	230
<b>Total Nursing Care Beds</b>	<b>1,710</b>

\*Liberty Commons Silas Creek was approved to relocate 100 NF beds from Summerstone to Liberty Commons Silas Creek.

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. On page 48, the applicants state:

*“The NF beds proposed to be relocated are already licensed for use in Forsyth County, the same county to which the beds are proposed to be relocated. While this will not affect the competition in the county by virtue of a net increase in licensed beds in the county, it may collaterally impact the applicant’s completion [sic] merely by allowing the applicant to more efficiently operate its facility and offer a better skilled nursing program to its residents.”*

The applicant adequately describes 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 Q, Form A.7, the applicant identifies the 20 nursing care facilities located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O, pages 50 - 51, the applicant explains that it began acquiring NF and ACH facilities in North Carolina beginning in October 2016, and that each of the facilities has “*come with a troubled past with few exceptions*”. The applicant states that, in Exhibit O.2(b), it provides copies of surveys conducted by the Nursing Home Licensure and Certification Section for the combination facilities that had incidents relating to quality of care. However, there is no Exhibit O.2(b). 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, there were no incidents related to quality of care in these facilities. 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 nursing care 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 nursing care beds.