

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 22, 2020

Findings Date: December 22, 2020

Project Analyst: Celia C. Inman

Team Leader: Lisa Pittman

Project ID #: G-11968-20

Facility: Twin Lakes Community

FID #: 923513

County: Alamance

Applicants: Lutheran Retirement Ministries of Alamance County, North Carolina

Project: Relocate no more than 8 NF beds from Twin Lakes Memory Care and delicense 4 Policy NH-2 beds for a total of no more than 104 NF beds upon completion of this project and Project ID #G-11951-20 (relocate 4 ACH beds to Twin Lakes Memory Care)

REVIEW CRITERIA

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

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

C

Lutheran Retirement Ministries of Alamance County, North Carolina, “the applicant”, proposes to relocate no more than eight nursing facility (NF) beds pursuant to Policy NH-6 from Twin Lakes Community Memory Care (TL Memory Care) and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at Twin Lakes Community (TL Community) upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care). TL Community and TL Memory Care are separate facilities which are part of the licensed continuing care retirement community (CCRC), known as Twin Lakes Community (Twin Lakes).

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 2020 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2020 SMFP which are applicable to this review.

Policies

There is one policy in the 2020 SMFP which are applicable to this review: *Policy NH-6: Relocation of Nursing Facility Beds*.

Policy NH-6: Relocation of Nursing Facility Beds, on page 22 of the 2020 SMFP, states:

“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.”*

Twin Lakes Community and Twin Lakes Community Memory Care are a part of the same continuing care retirement community (CCRC) in Alamance County. According to the 2020 SMFP, Alamance County has a deficit of five NF beds. The proposed relocation of the beds within Alamance County from Twin Lakes Community Memory Care to Twin Lakes Community does not change the NF bed inventory in Alamance County. Therefore, the application is consistent with Policy NH-6.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- 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 following reasons:

- There are no need determinations applicable to the review.
 - The NF beds proposed to be relocated are existing licensed beds located in the same CCRC in Alamance County; therefore, the relocation of the beds does not propose any change to the existing bed inventory in Alamance County and 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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care). Both facilities are part of the Twin Lakes CCRC.

Patient Origin

On page 175, the 2020 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Twin Lakes is located in Alamance County, thus, the service area for this project is Alamance County. Facilities may also serve residents of counties not included in their service area.

In supplemental information requested by the Agency, the applicant provides the historical patient origin for all patients admitted to Twin Lakes Community FID #923513 during the last full fiscal year (FY), as of September 30, 2019, as summarized in the following tables.

Actual Patient Origin – NF Beds

County	Last Full FFY 10/01/2018-09/30/2019			
	General NF Beds		Special Care Unit (SCU) NF Beds	
	# of Patients	% of Total	# of Patients	% of Total
Alamance	273	95.50%	NA	NA
Chatham	1	.35%	NA	NA
Guilford	4	1.40%	NA	NA
Lee	1	.35%	NA	NA
Orange	1	.35%	NA	NA
Person	1	.35%	NA	NA
Rockingham	3	1.05%	NA	NA
Out-of-state	2	.70%	NA	NA
Total	286	100.00%	NA	NA

Totals may not sum due to rounding

Actual Patient Origin – ACH Beds

County	Last Full FFY 10/01/2018-09/30/2019			
	General ACH Beds		SCU ACH Beds	
	# of Patients	% of Total	# of Patients	% of Total
Alamance	55	92.20%	NA	NA
Lee	1	1.80%	NA	NA
Total	56	100.00%	NA	NA

In the supplemental information requested by the Agency, the applicant provides the projected patient origin of the residents in the proposed 104 general NF beds to be located at Twin Lakes Community, as shown below.

**Projected Nursing Facility Patient Origin
 Third Full Fiscal Year
 FY2023**

County	General NF Number of Patients	General NF Percent of Patients
Alamance	280	96.6%
Guilford	4	1.4%
Other	6	2.0%
Total	290	100.0%

Totals/percentages may not sum/calculate due to rounding

In the supplemental information requested by the Agency, the applicant provides the assumptions and methodology used to project its patient origin. The patient origin represents the total number of patients over the course of the year for the available beds.

The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.1, pages 21-22, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states that TL Community and TL Memory Care are part of the licensed CCRC, known as Twin Lakes. The applicant also states that it has grown to one of the largest CCRC’s in North Carolina, adding 64 homes to the campus in the past 10 years, with a waiting list for assisted living and memory care beds. On page 15, the applicant states that 28 additional homes will be complete and occupied this year. On page 16, the applicant states that TL Memory Care has remained full, with a waiting list since six months after opening in 2008. On page 25, the applicant states that there are currently 26 campus residents on the waiting list for the 20 existing ACH beds. The expected growth in residents from the additional homes and the consistent waiting list for Moneta Springs prompted the applicant to examine the licensure of existing beds and seek a realignment of beds to better meet the needs of the Twin Lake residents.

Twin Lakes currently houses both NF and ACH beds and patients in two separate buildings:

- TL Community, FID #923513, Coble Creek Healthcare building consists of 100 NF beds and four ACH beds
- TL Memory Care, FID #061418, Moneta Springs Memory Care building consists of 16 NF beds and 16 ACH beds

TL Community (Coble Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2/LTC-1 Beds (closed)	35	2	37
Unrestricted (open)	65	2	67
Total (no SCU Beds)	100	4	104
TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2/LTC-1 Beds (closed)	8	14	22
Unrestricted (open)	8	2	10
Total (all SCU Beds)	16	16	32
Total Number of Licensed Beds at CCRC	116	20	136

With the submission of this application and companion application, Project ID #G-11951-20, the applicant seeks an outcome with 104 NF beds housed in Coble Creek Healthcare and 32 ACH beds located in Moneta Springs Memory Care, as shown below.

Project ID #G-11968-20 / TL Community (Cole Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2 Beds (restricted to CCRC residents)	31	0	31
Unrestricted (open to non-CCRC residents)	73	0	73
Total (no SCU Beds)	104	0	104
Project ID #G-11951-20 / TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Policy LTC-1 Beds (restricted to CCRC residents)	0	16	16
Unrestricted (open to non-CCRC residents)	0	4	4
CON for 12 LTC-1 beds (restricted to CCRC residents)	0	12	12
Total (16 SCU Beds)	0	32	32
Total Number of Licensed Beds at CCRC	104	32	136

The following table details the proposed changes at the two facilities from the current total number of licensed beds at TL Community and TL Memory Care to the proposed number of licensed beds at the Twin Lakes CCRC upon completion of both projects.

Project ID #G-11968-20 / TL Community (Cole Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Current Total Number of Licensed Beds at TL Community	100	4	104
Policy NH-2/LTC-1 Beds (closed/restricted to CCRC residents)	(3) -4	(2) -2	-6
Unrestricted (open to non-CCRC residents)	(1) +8	(2) -2	+6
Total Change in Number of Beds	+4	-4	0
Total Number of Beds at TL Community Upon Completion of Both Projects	104	0	104
Project ID #G-11951-20 / TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Current Total Number of Licensed Beds at TL Memory Care	16	16	32
Policy NH-2/LTC-1 Beds (closed/restricted to CCRC residents)	(3) -8	(2) +2	-6
Unrestricted (open to non-CCRC residents)	(1) -8	(2) +2	-6
CON for 12 LTC-1 beds (restricted to CCRC residents)		(4) +12	+12
Total Change in Number of Beds	-16	+16	0
Total Number of Beds at TL Memory Care Upon Completion of Both Projects (16 SCU Beds)	0	32	32
Total Number of Licensed NF and ACH Beds at Twin Lakes CCRC Upon Completion of Both Projects	104	32	136

- (1) Shift 8 NF (Open/Unrestricted) beds from TL Memory Care to TL Community
- (2) Shift 2 LTC-1 (closed/restricted) ACH beds and 2 Open/Unrestricted ACH beds from TL Community to TL Memory Care
- (3) Drop license for 12 NH-2 (closed/restricted) beds - 4 from TL Community and 8 from TL Memory Care
- (4) Apply for CON to develop 12 new licensed LTC-1 (closed/restricted) ACH beds at TL Memory Care

On page 22, the applicant states that it believes the proposals will result in improved alignment between services offered and the care needs of the residents in each building. The net number of licensed beds will not change, but with approval of the two companion applications, the result will be an increase in the number of ACH beds by 12 and a

decrease in the number of Policy NH-2 NF beds by 12, with all NF beds being in Coble Creek Healthcare and all ACH beds being in Moneta Springs Memory Care to better meet the needs of the CCRC residents.

This application proposes to relocate eight unrestricted (open to non-CCRC residents) NF beds from TL Memory Care to TL Community and delicense four Policy NH-2 (closed/restricted to CCRC residents) beds for a total of 104 general NF beds (31 Policy NH-2 beds and 73 unrestricted NF beds upon the completion of this project and Project ID #G-11951-20 (Develop no more than 12 ACH beds pursuant to Policy LTC-1, relocate no more than four NF beds from Twin Lakes Community, and delicense eight Policy NH-2 beds for a total of no more than 32 ACH beds upon project completion). The eight beds being relocated from TL Memory Care are currently SCU Alzheimer's/dementia beds, but will be general NF beds when relocated to TL Community. The four Policy NH-2 beds being delicensed are restricted for use by CCRC residents; thus will have no effect on the accessibility to the beds by non-CCRC residents.

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

- The companion applications seek to house all NF residents in one facility and all ACH residents in the other facility, thereby better serving the residents' needs.
- Many of the CCRC residents are Alamance County residents and Alamance County is aging more rapidly than the state average.
- The applicant states there is currently a demand for the beds, and it expects demand for CCRC contracts to continue to grow as more homes are developed in the CCRC.

Projected Utilization

In supplemental information requested by the Agency, the applicant provides the historical, interim and projected utilization at Twin Lakes Community FID #923513, as summarized in the following table.

	Prior Year FY2019	Interim Year FY2020	Projected FY2021	Projected FY2022	Projected FY2023
# General NF Beds	100	100	104	104	104
Days of Care	34,437	33,872	33,672	33,580	33,580
Occupancy Rate	94%	93%	89%	88%	88%
Total # NF Beds	100	100	104	104	104
Days of Care	34,437	33,872	33,672	33,580	33,580
Occupancy Rate	94%	93%	89%	88%	88%
# General ACH Beds	4	4	0	0	0
Days of Care	194	172	0	0	0
Occupancy Rate	13%	12%	0%	0%	0%
Total # ACH Beds	4	4	0	0	0
Days of Care	194	172	0	0	0
Occupancy Rate	13%	12%	0%	0%	0%

In Section Q Form C of the supplemental information requested by the Agency the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- Fiscal years run from October 1 through September 30.
- Prior full fiscal year is based on operations for the 12 months ending September 30, 2019
- Interim full fiscal year is based on annualized operations from year-to-date data as of July 31, 2020.
- Proposed project to be complete September 30, 2020 with services offered beginning October 1, 2020.

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

- Projected utilization is based upon, and supported by, the historical utilization of the facility.
- The applicant’s utilization projections are supported by the historical and projected growth and aging of the Alamance County population, particularly for older patient populations.
- The applicant’s utilization projections are supported by the expansion of the IL portion of the CCRC.

Access

In Section C.8, page 27, the applicant states:

“All of the facilities on the Twin Lakes campus comply with the North Carolina Construction Code, the American with Disabilities Act, and all applicable local ordinances. Our organization and the entire CCRC are focused on and designed to address the needs of older adults.”

...

Our community is committed to serving people whose income and assets are not otherwise sufficient to afford the cost of living in our community, and approximately ten percent of our residents receive financial assistance from the organization.”

In Section L, page 48, the applicant projects the payor mix for the third full fiscal year following development of the project, as summarized below.

**NF Beds Payor Mix
FY2023**

PAYOR CATEGORY	SERVICES AS PERCENT OF TOTAL PATIENT DAYS
Private Pay	59%
Insurance*	2%
Medicare*	3%
Medicaid*	34%
Other^	2%
Total	100%

*Including any managed care plans

^Other is specified as Hospice Medicaid and Subsidy

The projected payor mix is reasonable and adequately supported based on the following:

- Projected payor mix is based on the applicant’s experience at the existing facility.
- The facility operates with a waiting list for placement of patients.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- 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 following reasons:

- The applicant adequately identifies the population to be served for all the reasons described above.

- The applicant adequately explains why the population to be served needs the services proposed in this application for all the reasons described above.
- Projected utilization is reasonable and adequately supported for all the reasons described above.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services and adequately support its assumptions for all the reasons described above.

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

C

The applicant proposes to relocate no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care).

In Section D, page 31, the applicant states that the net number of licensed beds will not change, but with approval of the two companion applications, the result will be an increase in the number of ACH beds by 12 and a decrease of the number of NF beds by 12. Both the additional ACH beds and the decreased NF beds are licensed to permit care only for holders of contracts with the Twin Lakes CCRC, thus, the changes will not affect the access to care for members of the broader, non-CCRC community. The applicant further states its belief that the change will better align with the care needs of its contract holders and will address the ongoing needs as evidenced by a waiting list for the memory care facility and the absence of a waiting list for the NF, other than for Medicaid beds, which are not affected by the changes requested in the proposed companion applications.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

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

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

The applicant proposes to relocate no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care).

In Section E, page 33, the applicant states that the only alternative is to maintain the status quo and further states:

“As noted above in our response to question 7 in section B we have operated our MC/SCU at capacity for 12 years, and have had a lengthy wait list for most of that time. We believe this change will better align with the care needs of our contract holders, and will address the ongoing needs as evidenced by a waiting list for our memory care facility and the absence of a waiting list for our NF.”

The applicant adequately demonstrates that the alternative proposed in this application is the most effective and least costly alternative to meet the identified need 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, and
- 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. Lutheran Retirement Ministries of Alamance County, North Carolina (hereinafter certificate holder) shall materially comply with all representations made in the application and any supplemental responses. In the event that representations conflict, the certificate holder shall materially comply with the last made representation.**

- 2. The certificate holder shall relocate no more than 8 nursing facility beds from Twin Lakes Memory Care and delicense 4 Policy NH-2 beds at Twin Lakes Community for a total of no more than 104 nursing facility beds upon completion of this project and Project ID #G-11951-20.**
- 3. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on May 1, 2021. The second progress report shall be due on August 1, 2021 and so forth.**
- 4. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 5. For the first two years of operation following completion of the project, the certificate holder shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 6. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder 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 certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to relocate no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care).

Capital and Working Capital Costs

In supplemental information requested by the Agency, the applicant confirms that the proposed project will have no capital or working capital costs.

Financial Feasibility

In supplemental information requested by the Agency, the applicant provides pro forma financial statements for the prior year, interim year, and the first three full fiscal years of operation for the first three years following completion of the total project (FY2021-FY2023). The applicant projects that operating expenses will exceed revenues in each full fiscal year following the completion of the project, as shown in the table below, which summarizes the applicant’s pro forma financial statements provided in the supplemental information.

	FY2019*	FY2020*	FY2021	FY2022	FY2023
NF Beds					
Projected # of Patient Days	34,631	34,044	33,672	33,580	33,580
Gross Revenue	\$11,048,448	\$11,241,100	\$11,484,841	\$11,736,953	\$11,997,728
Deductions from Gross Revenue	\$1,789,776	\$1,934,200	\$2,001,897	\$2,071,963	\$2,144,482
Net Patient Revenue	\$9,258,711	\$9,306,900	\$9,482,944	\$9,664,990	\$9,853,246
Projected Average Net Revenue Per Patient Day	\$267	\$273	\$282	\$288	\$293
Total Operating Expenses	\$10,874,595	\$12,339,985	\$12,771,885	\$13,218,901	\$13,681,562
Avg Operating Expense / Pt Day	\$314	\$362	\$379	\$394	\$407
NF Net Income	(\$1,615,884) [(\$1,615,923)]	(\$3,033,085)	(\$3,288,947)	(\$3,553,911)	(\$3,828,317)

*Includes ACH beds prior to the development of the proposed project.

In Section Q, following the pro forma financial statements in the requested supplemental information, the applicant provides the assumptions for the development of the pro forma financial statements.

In supplemental information requested by the Agency, the applicant explains The Lutheran Retirement Ministries of Alamance County, North Carolina's structure as a CCRC providing independent living, assisted living, skilled nursing and memory care. The applicant states:

“We have a history of fulfilling our obligations to our residents and operate in a fiscally conservative manner. We have a strong financial position and our board of directors has an operating philosophy consistent with maintaining our financial strength. The majority of our residents, more than 530, reside in Independent Living. In addition to an entrance fee, these residents pay monthly fees that support the operating budget of the organization. While we recognize the project for Twin Lakes Community (ID #G-11968-20), our Skilled Nursing facility, outlined in our application will not be profitable for this specific facility (FID#923513), as a non-profit CCRC all of our earnings from every level of care are reinvested directly in to our community, including the support for Twin Lakes Community.”

In the supplemental information requested by the Agency, the applicant provides the 2019 Audited Financial Statement for Lutheran Retirement Ministries of Alamance County, North Carolina, documenting its strong financial position and the availability of funds for the operating needs of the Twin Lakes Community facility.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, 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, and
- 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 there will be no capital costs or working capital based on reasonable and adequately supported assumptions.

- 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 no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care).

On page 175, the 2020 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Twin Lakes is in Alamance County, thus, the service area for this project is Alamance County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A and Table 10C, pages 178 and 200, Alamance County currently has eight nursing facilities with a total of 888 licensed nursing care beds, with 72 excluded from the planning inventory, as summarized below.

Alamance County Nursing Facilities, 2020 SMFP

FACILITY	TOTAL LICENSED NF BEDS	TOTAL PLANNING INVENTORY*	COUNTY OCCUPANCY RATE
Alamance Health Care Center	180	180	
Edgewood Place at the Village at Brookwood	105	81	
Liberty Commons Nursing and Rehab Center Alamance County	90	90	
Peak of Graham (Transfer of 120 beds from Peak Resources -Alamance)	120	120	
The Presbyterian Home of Hawfields Inc	117	113	
Twin Lakes Community	100	64	
Twin Lakes Community Memory Care	16	8	
White Oak Manor-Burlington	160	160	
Total Nursing Care Beds	888	816	85.4%

*Beds excluded for planning inventory purposes: nursing beds for head injury or ventilator-dependent patients; beds held for the exclusive use of the related continuing care retirement community (CCRC) residents pursuant to Policy NH-2; and nursing beds transferred from state psychiatric hospitals to the community pursuant to Policy NH-5.

Page 245, Table 11F, of the 2020 SMFP documents that TL Community has four ACH beds located in the Twin Lakes CCRC.

In Section G, page 39, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved NF bed services in Alamance County. The applicant states that the relocation of the eight beds will have no effect on the inventory of available NF beds within Alamance County.

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 proposal does not increase the inventory of NF beds in Alamance County.
- The NF beds to be relocated exist in the Alamance County NF inventory.
- The applicant adequately demonstrates the need for the eight relocated NF beds at TL Community in addition to the existing NF beds at TL Community.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- 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 supplemental information requested by the Agency, the applicant provides the current and projected staffing for the proposed services in full-time equivalent (FTE) positions, as summarized in the following table.

**Twin Lakes Community
Current and Projected FTE Positions**

FTE Position	Current FTE Staff As of 7/31/2020	Projected FTE Staff 2nd Full FY (FY2023)
RNs	15.3	17.3
LPNs	14.3	14.3
Aides	62.4	66.4
DON	1.0	1.0
Assistant DON	1.8	1.8
MDS Nurse	2.4	2.4
Clerical	1.1	1.1
Medical Records	2.3	2.3
Other Ancillary Services	1.8	1.8
Dietary	30.8	33.8
Social Services	1.0	1.0
Activities	2.9	2.9
Transportation	0.2	0.2
Laundry & Linen	2.5	2.5
Housekeeping	11.7	12.7
Plant Operation & Maintenance	4.6	4.6
Administration	2.0	2.0
TOTAL	158	168

Totals may not sum due to rounding

The assumptions and methodology used to project staffing are provided in Section Q, Form H and in the requested supplemental information. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 40-41, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Exhibit H-4.3, 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, and
- 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 42, the applicant states that all ancillary and support services are provided through services already in place at Twin Lakes community, either through Twin Lakes staff or through providers contracted to provide the services. Among the services available to all residents are:

- social services,
- dietary and dietician,
- pastoral care,
- internet access and IT support,
- recreation and life enrichment, and
- physical, occupational and speech therapy.

In Section I, page 42, the applicant describes its existing and proposed relationships with other local health care and social service providers, stating that it is a preferred provider with Cone Health.

The applicant adequately demonstrates that necessary ancillary and support services will be made available and that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

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 proposed project does not include any construction or renovation.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In supplemental information requested by the Agency, the applicant provides the historical payor mix for FY2019 at Twin Lakes Community, as summarized in the tables below.

**Twin Lakes Community Payor Mix
 FY2019**

PAYOR CATEGORY	NF BEDS AS PERCENT OF TOTAL	ACH BEDS AS PERCENT OF TOTAL
Private Pay	58.6%	100.0%
Insurance*	2.0%	0.0%
Medicare*	3.7%	0.0%
Medicaid*	33.5%	0.0%
Other (Hospice Medicaid and Subsidy)	2.2%	0.0%
Total	100.0%	100.0%

*Including any managed care plans

In supplemental information requested by the Agency, the applicant provides the following comparison.

	Percentage of Total NF Patients Served during the Last Full FY	Percentage of the Population of the Service Area
Female	73.0%	53.0%
Male	27.0%	47.0%
Unknown	0.0%	0.0%
64 and Younger	2.4%	82.4%
65 and Older	97.6	17.6%
American Indian	0.0%	0.3%
Asian	0.0%	1.5%
Black or African-American	1.4%	19.0%
Native Hawaiian or Pacific Islander	0.0%	0.4%
White or Caucasian	98.6%	65.0%
Other Race	0.0%	6.0%
Declined/Unavailable	0.0%	0.0%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- 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.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and handicapped persons, in Section L, page 47, the applicant states that it has no obligation to provide uncompensated care, community service, or access by minorities and handicapped persons.

In supplemental information requested by the Agency, the applicant states that there have been no patient civil rights equal access complaints filed against Twin Lake Community or Twin Lakes Memory Care during the last five years.

The Agency reviewed the:

- application,
- exhibits to the application, and
- 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 48, the applicant projects the payor mix for the third full fiscal year following development of the NF beds, as summarized below.

**NF Beds Payor Mix
FY2023**

PAYOR CATEGORY	SERVICES AS PERCENT OF TOTAL PATIENT DAYS
Private Pay	59%
Insurance*	2%
Medicare*	3%
Medicaid*	34%
Other^	2%
Total	100%

*Including any managed care plans

^Other is specified as Hospice Medicaid and Subsidy

The applicant projects that 59% of the NF services will be provided to private-pay patients, 3% to Medicare beneficiaries, and 34% to Medicaid beneficiaries during the third full fiscal year following completion of the project.

In Section L.3, page 48, the applicant provides the assumptions and methodology used to project payor mix, stating that it uses the historical facility experience to project future payor mix.

The projected payor mix is reasonable and adequately supported for the following reasons:

- The projected payor mix is based on the facility's payor mix historical experience
- The applicant does not expect payor sources to change in the future.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

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, pages 48-49, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- application, and
- exhibits to the application.

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

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

C

In supplemental information requested by the Agency, the applicant describes the extent to which health professional training programs in the area currently have and will continue to have access to the facility for training purposes.

The Agency reviewed the:

- application,
- exhibits to the application, and
- 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 no more than eight NF beds pursuant to Policy NH-6 from TL Memory Care and delicense four Policy NH-2 beds for a total of no more than 104 NF beds at TL Community upon completion of this project and Project ID #G-11951-20 (relocate four ACH beds to TL Memory Care).

On page 175, the 2020 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Twin Lakes Community and Twin Lakes Memory Care are in Alamance County, thus, the service area for this project is Alamance County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A and Table 10C, pages 178 and 200, respectively, Alamance County currently has eight nursing facilities with a total of 888 licensed nursing care beds, with 72 excluded from the planning inventory, with a county-wide occupancy of 85.4%, as summarized below.

Alamance County Nursing Facilities, 2020 SMFP

FACILITY	TOTAL LICENSED NF BEDS	TOTAL PLANNING INVENTORY*	COUNTY OCCUPANCY RATE
Alamance Health Care Center	180	180	
Edgewood Place at the Village at Brookwood	105	81	
Liberty Commons Nursing and Rehab Center Alamance County	90	90	
Peak of Graham (Transfer of 120 beds from Peak Resources -Alamance)	120	120	
The Presbyterian Home of Hawfields Inc	117	113	
Twin Lakes Community	100	64	
Twin Lakes Community Memory Care	16	8	
White Oak Manor-Burlington	160	160	
Total Nursing Care Beds	888	816	85.4%

*Beds excluded for planning inventory purposes: nursing beds for head injury or ventilator-dependent patients; beds held for the exclusive use of the related continuing care retirement community (CCRC) residents pursuant to Policy NH-2; and nursing beds transferred from state psychiatric hospitals to the community pursuant to Policy NH-5.

In Section N, page 51, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote cost-effectiveness, quality, and access to the proposed services. In reference to the relocated NF beds, the applicant states that because the proposed project does not increase the number of NF beds in Alamance County, there is no anticipated effect on competition in the proposed service area. The applicant further states:

“The realignment of bed licensure will have a positive impact on the cost effectiveness, quality of care, and access to care for contract holders at Twin Lakes.

...

The project will ensure that the needs of Twin Lakes residents continue to be well-met despite the current growth in IL and the aging of the population.

...

In addition, this project does not affect our community beds, and so members of the broader community will continue to have the same level of access to both facilities that they currently have.”

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 C, F, and Q of the application, any supplemental information requested by the Agency, and any referenced exhibits).
- Quality services will be provided (see Sections C and O of the application, any supplemental information requested by the Agency, and any referenced exhibits).
- Access will be provided to underserved groups (see Section L of the application, any supplemental information requested by the Agency, and any referenced exhibits).

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- 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 O, page 54, the applicant states that neither of the Twin Lakes facilities have been found to have provided substandard quality of care within the 18-month look-back period. The applicant further states:

“As noted above, both Coble Creek and Moneta Springs are rated as 5-star, or ‘much above average’, which is CMS’s highest rating. For information purposes only, we note that, on its most recent inspection, Moneta Springs did receive one deficiency for improper storage of opened food. The issue was immediately addressed and the state approved our plan or correction. See Exhibit O-3.3 (Tab 5) for a copy of the approved plan of correction.”

After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at the two facilities, the applicant provides sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant proposes to relocate 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.