

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 26, 2023

Findings Date: July 26, 2023

Project Analyst: Terris Riley

Co-Signer: Mike McKillip

Project ID #: P-12323-23

Facility: PruittHealth – Sea Level

FID #: 923448

County: Carteret

Applicants: PruittHealth – Sea Level, LLC

Pruitt Properties, Inc.

Project: Change of scope and cost overrun for Project ID #P-11541-18 (relocate 104 nursing facility beds to a new replacement facility)

### 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

PruittHealth – Sea Level, LLC and Pruitt Properties, Inc. (hereinafter collectively referred to as “the applicant”) proposes a change of scope (COS) and cost overrun (COR) to Project ID #P-11541-18. A certificate of need was issued on January 17, 2019 for Project ID# P-11541-18 to relocate 104 nursing facility beds to a new replacement facility in Beaufort (Carteret County).

#### **Need Determination**

The original project did not involve a need determination pursuant to any of the applicable State Medical Facilities Plans (SMFP) and the current COR/COS application does not involve the addition of any new health service facility beds, services, or equipment for which there is

a need determination in the 2023 SMFP. Therefore, there are no need determinations applicable to this review.

## **Policies**

*Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* of the 2023 SMFP applies to this review and on page 30 of the SMFP, the policy states:

*“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

The proposed capital expenditure for this project is greater than \$5 million. On page 24, the applicant denotes the following ways in which they intend to improve energy efficiency and water conservation:

- Building Envelope—insulating walls to reduce thermal transmission; dual pane low-E glass to minimize heat loss during colder months; dual automatic doors; wind baffles, and landscaping.
- Lighting—utilizing high efficiency lamps and occupancy sensors to minimize energy loss in unoccupied spaces.
- Mechanical Systems—interfacing heating and cooling systems to maximize efficiency.
- Plumbing Systems—utilizing high efficiency systems to reduce water consumption;

The application is consistent with Policy GEN-4.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The application does not propose any changes to what was approved in Project ID #P-11541-18 that would make any need determinations in the 2023 SMFP applicable to this review.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the application includes a written statement describing the applicant's commitment to assuring energy efficiency and water conservation.

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

## C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds to a new replacement facility).

A certificate of need was issued on January 17, 2019 for Project ID# P-11541-18 with an approved capital cost of \$18,187,290. The current application proposes a capital cost increase of \$6,291,292 over the previously approved capital cost for a total combined capital cost of \$24,478,582. The applicant states that the cost overrun application is necessary due to the increased cost to develop the project. The project was delayed due to the COVID-19 pandemic. The current market conditions have driven up the costs for the price of labor, regulatory costs, land, site preparation, construction, and equipment costs in comparison to the estimated costs in 2018 when the original application was submitted. In addition, the applicant proposes a modification of the design of the facility including an increase in the number of private rooms from 68 to 104, an increase in total square footage from 68,689 to 73,832, and other changes as described in the tables on pages 26-27 of the application.

## **Patient Origin**

On page 139, the 2023 SMFP defines the service area for nursing home beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility is Carteret County. Facilities may also serve residents of counties not included in their service area.

The application for Project ID# P-11541-18 adequately identified the current and projected patient origin for the facility at the time of the application. No changes are proposed in this application which would affect that determination.

**Analysis of Need**

A certificate of need was issued on January 21, 2019, for Project ID# P-11541-18 and authorized a capital cost of \$18,187,290. The current application proposes a capital cost increase of \$6,291,292 over the previously approved capital cost for a total combined capital cost of \$24,478,582. The applicant states that the cost overrun application is necessary due to the increased cost to develop the project. The project was delayed due to the COVID-19 pandemic. The current market conditions have driven up the costs for the price of labor, regulatory costs, land, site preparation, construction, and equipment costs in comparison to the estimated costs in 2018 when the original application was submitted.

The following table compares the previously approved capital cost and the proposed capital cost, as reported on Form F.1a in Section Q.

<b>PruittHealth - Sea Level - Previously Approved and Proposed Capital Cost</b>			
	Previously Approved Capital Cost (P-11541-18)	New Total Capital Cost (P-12323-23)	Difference (Capital Cost for This Project)
Purchase Price of Land	\$814,513	\$814,513	\$0
Site Related Fees	\$216,636	\$0	\$0
Site Preparation	\$1,075,000	\$2,553,702	\$1,478,702
Construction/Renovation Contract(s)	\$12,260,987	\$14,852,435	\$2,591,448
Landscaping	\$0	\$345,149	\$345,149
Architect/Engineering Fees	\$350,000	\$395,000	\$45,000
Non-Medical Equipment	\$714,844	\$1,878,392	\$1,163,548
Furniture	\$2,019,327	\$2,111,611	\$92,284
Consultant Fees (CON-related)	\$70,000	\$123,000	\$53,000
Financing Costs	\$279,221	\$255,741	(\$23,480)
Interest during Construction	\$386,762	\$440,000	\$53,238
Other (contingency)	\$0	\$709,039	\$709,039
<b>Total Capital Costs</b>	<b>\$18,187,290</b>	<b>\$24,478,582</b>	<b>\$6,291,292</b>

Sources: Project P-11541-18, Section Q, Form F.1a and Project P-12323-23, Section Q, Form F.1a

In Section F, page 34, the applicant describes the reasons the additional costs are necessary to develop the proposed project.

The information is reasonable and adequately supported because certain market conditions such as inflation, labor shortage and general supply issues has driven up the cost of construction, the primary cause of the cost overrun.

### Projected Utilization

In Project ID# P-11541-18, the Agency determined the applicant had demonstrated its projected utilization was based on reasonable and adequately supported assumptions. The applicant proposes no changes in the current application which would change the projected utilization from the previous project, or which would otherwise affect the Agency's determination in that project.

### Access to Medically Underserved Groups

The application for Project ID# P-11541-18 adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed services. The applicant proposes no changes in the current application which would affect that determination.

### Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The application for Project ID# P-11541-18 adequately identified the population to be served and there are no changes proposed in this application which would affect that determination.
- The applicant adequately explains why the proposed increase in projected capital cost is necessary to provide the population to be served with the services proposed in the application for Project ID# P-11541-18.
- Projected utilization was deemed reasonable and adequately supported in the application for Project ID# P-11541-18 and there are no changes proposed in this application which would affect that determination.
- The application for Project ID# P-11541-18 adequately identified the extent to which all residents, including underserved groups, were likely to have access to the proposed services, and there are no changes proposed in this application which would affect that determination.

(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.

NA

The applicant does not propose to relocate the entire health service facility to another location that was not previously approved. The applicant also does not propose to reduce or eliminate any of the 104 NF beds. Therefore, this criterion is not applicable.

- (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 a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

In Section E, page 32, the applicant states the nursing facility is under construction and cannot be changed at this stage. The applicant also states that during the engineering negotiations for Project ID #P-11541-18, nearly \$1 million was eliminated in project costs. The breakdown of these cost eliminations are provided on page 33 of the application.

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

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. PruittHealth – Sea Level, LLC, and Pruitt Properties, Inc. (hereinafter certificate holder) shall materially comply with the representations in this application and the**

**representations in Project ID# P-1154-18. Where representations conflict, the certificate holder shall materially comply with the last made representation.**

- 2. The certificate holder shall relocate a total of no more than 104 nursing facility (NF) beds to a new replacement facility in Beaufort (Carteret County) upon completion of this project and Project ID# P-11541-18.**
  - 3. Upon completion of this project and Project ID# P-11541-18, PruittHealth -- Sea Level shall be licensed for no more than 104 nursing facility beds.**
  - 4. 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 made in the certificate of need application.**
  - 5. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
  - 6. Progress Reports:**
    - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhs.gov/dhsr/coneed/progressreport.html>.**
    - b. The certificate holder shall complete all sections of the Progress Report form.**
    - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
    - d. The first progress report shall be due on January 1, 2024.**
  - 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

**Capital and Working Capital Costs**

A certificate of need was issued on January 21, 2019, for Project ID# P-11541-18 with an approved capital cost of \$18,187,290. The current application proposes a capital cost increase of \$6,291,292 over the previously approved capital cost for a total combined capital cost of \$24,478,582. The cost overrun application is necessary due to the increased cost to develop the project. The project was delayed due to the COVID-19 pandemic. The current market conditions have driven up the costs for the price of labor, regulatory costs, land, site preparation, construction, and equipment costs in comparison to the estimated costs in 2018 when the original application was submitted.

The following table compares the previously combined approved capital costs and the proposed capital cost for this project, as reported by the applicant in Section Q, Form F.1(b):

<b>PruittHealth - Sea Level - Previously Approved and Proposed Capital Cost</b>			
	<b>Previously Approved Capital Cost (P-11541-18)</b>	<b>New Total Capital Cost (P-12323-23)</b>	<b>Difference (Capital Cost for This Project)</b>
Purchase Price of Land	\$814,513	\$814,513	\$0
Site Related Fees	\$216,636	\$0	\$0
Site Preparation	\$1,075,000	\$2,553,702	\$1,478,702
Construction/Renovation Contract(s)	\$12,260,987	\$14,852,435	\$2,591,448
Landscaping	\$0	\$345,149	\$345,149
Architect/Engineering Fees	\$350,000	\$395,000	\$45,000
Non-Medical Equipment	\$714,844	\$1,878,392	\$1,163,548
Furniture	\$2,019,327	\$2,111,611	\$92,284
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Financing Costs	\$279,221	\$255,741	(\$23,480)
Interest during Construction	\$386,762	\$440,000	\$53,238
Other (contingency)	\$0	\$709,039	\$709,039
<b>Total Capital Costs</b>	<b>\$18,187,290</b>	<b>\$24,478,582</b>	<b>\$6,291,292</b>

In Section F, pages 34-35, the applicant states there is a capital cost increase of \$6,291,292 over the previously approved capital cost for a total combined capital cost of \$24,478,582. The cost overrun application is necessary due to the increased cost to develop the project. Additionally, the increase in market costs and materials also impacts working capital costs. On page 37, the applicant projects that new start-up costs will be \$0 and initial operating expenses will be \$1,920,103 for a total working capital of \$1,920,103. This represents an increase of \$1,038,870 in total working capital from what was approved in Project ID #P-11541-18. On page 37, the applicant provides the assumptions and methodology used to project the working capital needs of the project.



The applicant adequately demonstrates that the projected capital and working capital needs of the project are based on reasonable and adequately supported assumptions because the increased costs reflect construction cost increases and current market conditions.

### **Availability of Funds**

In Exhibit F.5, the applicant states that the capital and working capital costs will be funded via. Exhibit F.5 contains the following three letters:

- Letter dated February 10, 2023, signed by the Chief Financial Officer of PruittHealth, confirming an intent to consider financing in the amount of \$669,472 for the capital needs of the project. A bank statement from Synovus Bank shows that there is availability of funds in excess of \$5.4 million as of February 10, 2023.
- Letter dated February 13, 2023, signed by the Managing Director of Synovus Bank, confirming an intent to consider financing a mortgage in the amount of \$19,582,866 for the capital costs of the project.
- Letter dated February 10, 2023, signed by the Chief Financial Officer of PruittHealth, confirming an intent to consider financing in the amount of \$1,038,870 for the working capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project because the applicant provides documentation that confirms the availability of loans sufficient to cover those costs.

### **Financial Feasibility**

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

<b>PRUITT HEALTH SEA LEVEL</b>	<b>1<sup>ST</sup> FULL FY (10/1/23-9/30/24)</b>	<b>2<sup>ND</sup> FULL FY (10/1/24-9/30/25)</b>	<b>3<sup>RD</sup> FULL FY (10/1/25-9/30/26)</b>
Total Net Revenue	\$7,550,244	\$11,607,415	\$13,264.850
Total Operating Expenses (Costs)	\$9,470,347	\$11,396,226	\$12,571,701
Net Income	(\$1,920,103)	\$211,188	\$693,148

Source: Form F.5 Income Statement

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported for the following reasons:

- The applicant accounts for the increase in projected operating expenses, such as salaries, consistent with projections elsewhere in the application.
- The applicant accounts for increases in other expenses consistent with representations made in the application based on increases in costs due to a two-year delay in completing the project due to COVID-19.

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for 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 applicants adequately demonstrate 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 a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

On page 139, the 2023 SMFP defines the service area for NF beds as “...*the county in which the bed is located.*” Thus, the service area for this facility is Carteret County. Facilities may also serve residents of counties not included in their service area.

The applicant proposes no change to the total number of NF beds in Carteret County as approved in Project ID# P-11541-18. That project was conforming to this criterion and the applicant proposes no changes in the current application that would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 all the reasons described above.

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

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

The application for Project ID# P-11541-18 adequately demonstrated the availability of resources, including health manpower and management personnel to provide the proposed services and no changes are proposed in this application which would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

In Section I, page 41, the applicant states there are no changes to the provision of necessary ancillary and support services or changes to coordination with the existing health care system than approved in Project ID# P-11541-18. Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

In Section K, page 44, the applicant states this project proposes construction of 73,832 square feet of new construction. The applicant provides updated construction drawings Exhibit K.5.

On page 45, of the application, the applicant adequately explained why the proposal would not unduly increase the costs and charges to the public for the proposed services and provided supporting documentation in Section Q of the application.

On pages 45-46, of the application, the applicant identified the applicable energy saving features that would be incorporated into the construction plans.

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application that would affect that determination.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, the application is conforming to this criterion.

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

C

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, 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

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, 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

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, 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

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

Project ID# P-11451-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, the application is conforming to this criterion.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

Project ID# P-11541-18 was conforming to this criterion and the applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, the application is conforming to this criterion.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

In Section A.6, page 21, the applicant identifies the nursing home facilities located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 17 of this type of facility located in North Carolina.

In Section O, pages 60, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in citations of immediate jeopardy occurred in these facilities. In Section O, page 60, the applicant states, “*No facilities ...were found by the Division of Health Service Regulation or CMS to have had any situations resulting in a finding of substandard quality of care (Level 4) during the 18-month look-back period (determination).*” After reviewing and considering information provided by the applicant and considering the quality of care provided at all 17 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

NA

The applicant proposes a COR/COS for Project ID# P-11541-18 (relocate 104 NF beds).

The Criteria and Standards for Nursing Facility or Adult Care Home Services, promulgated in 10A NCAC 14C .1100, were not applicable to Project ID# P-11541-18 because the rules do not apply to a proposal to relocate existing licensed nursing facility home beds. The applicant proposes no changes in the current application as submitted that would affect that determination. Therefore, the administrative rules are not applicable to this review.