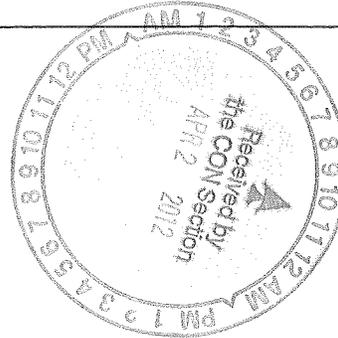


# Consultant Services

Specializing In Health Care Development & Financing  
1217 Pond Street, Cary, North Carolina 27511, 919/467-4667

Gerald J. Boyle  
President

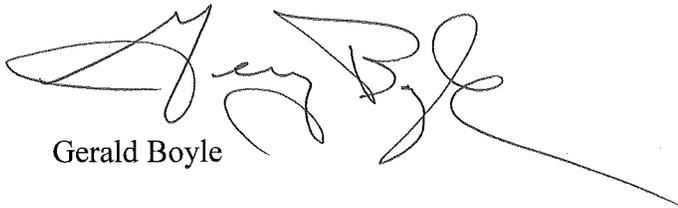


Craig R. Smith, Chief  
Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Dear Craig,

Herewith please find enclosed Universal Health Care / Brunswick, Inc. comments relative to the competitive CON review for Brunswick County.

Very truly yours,



Gerald Boyle

**Written Comments Submitted on Behalf of Universal  
Properties/Brunswick, LLC and  
Universal Health Care/Brunswick Inc.**

In accordance with N.C.G.S. Section 131E-185(a1)(1), Universal Properties/Brunswick, LLC and Universal Health Care/Brunswick (hereinafter collectively "Universal") submit the following comments regarding the February 15, 2012 Certificate of Need Application submitted by Doshier Memorial Hospital ("Doshier Memorial") for the March 1, 2012 review cycle for Nursing Facility beds in Brunswick County.

The Doshier Memorial Application cannot be approved, because it is nonconforming with Criteria 3, 5, and 13. Universal has explained the reasons for the nonconformity below:

**CRITERION 3**

Doshier Memorial does not adequately identify the proposed population to be served. The applicant stated that 7.7% of its proposed resident origin will be from outside Brunswick County without any documentation of the county from which these residents will originate. In addition, Doshier Memorial provided no documentation to substantiate why 7.7% of its residents would be from outside Brunswick County when the population in its existing beds is all from Brunswick County. (See Doshier Memorial's most recent license renewal application.)

**CRITERION 5**

Doshier Memorial cannot establish the financial viability of the proposed project. Doshier Memorial submitted pro-forma financial statements which demonstrate a loss of \$1,959,560 in the second year of operation. (See the enclosed attachment which compares the cost per patient to the competing applications.) Doshier Memorial is over \$48.00 per day more expensive than Universal Healthcare. Further, Doshier Memorial does not explain why the financial figures in the pro formas are based on 10 months instead of a full year.

### **CRITERION 13**

Dosher Memorial has not documented that the needs of the medically underserved groups such as medically indigent or low income persons, Medicaid and Medicare recipients will be met.

Universal has calculated the percentage of each Brunswick County nursing facilities' populations receiving Medicare and Medicaid assistance. The percentages are displayed below for Brunswick County and explained further in the attached chart:

- Universal Healthcare: 86%
- Autumn Care: 91%
- Ocean Trail: 75%
- Brunswick Cove: 82%
- Dosher Memorial: 64%

Dosher Memorial projects that its percentage will increase to 67% with the proposed conversion. In order to achieve 67% Dosher assumed that 85% of the 14 beds would be Medicaid, which is not a reasonable assumption since there are currently 36% private pay in those beds.

### **ACCESSIBILITY**

Dosher Memorial's location in Southport is less accessible to the entire population of Brunswick County than Universal's location in Bolivia, which is centrally located in the County and located on the major roads through Brunswick County.

### **CONCLUSION**

For the reasons noted above, Dosher Memorial's CON Application does not meet the criteria necessary for approval. It does not properly identify the population to be served, is not financially feasible, and does not demonstrate that it will meet the needs of the medically underserved. Universal is the only approvable application since it meets all of the statutory criteria.

## PATIENT PERCENTAGE BREAKDOWN

	<u>Universal</u>	<u>Autumn</u>	<u>Ocean Trail</u>	<u>Brunswick Cover</u>	<u>Dosher</u>
Private Pay	3,889	4,017	5,987	7,490	6,449
Medicare	7,055	5,843	3,549	7,387	356
Medicaid	14,618	33,148	13,608	41,257	11,215
Other	2,452	334	1,225		
Total	28,014	43,342	24,369	56,134	18,020
	86%	91%	75%	87%	64%

Total Patient Day: 169,879

Private Pay: 27,832 16.38%

Medicare: 24,190 14.24%

Medicaid: 113,846 67.00%

Other: 4,011 2.4%

J. Arthur Doshier Memorial Hospital  
 Nursing Beds CON  
 Proformas  
 Most Recent Full Federal Fiscal Year of Operations

These are numbers for 10 Months

304 Days  
 15015 Patient Days  
 49.39 Average Number of Residents  
  
 276.27 current cost per day

First Full Year of Operations

22851 Patient Days  
 62.61 Average Number of Residents

Expenses are way out of proportion to revenues.

	Hospital	UHC Brunswick
Total Beds	64	104
Patient Days	22851	36135
Salary - Director of Nursing	80,700	80,080
Salary - Assist. Director of Nursing		31,200
Salary - Staff Develop. Coordin.		31,200
Salary - MDS nurse		116,480
Salary - Infection Control Nurse	23,600	
Salary - RNs	222,835	379,870
Salary - Ventilator RNs		0
Salary - LPNs	357,000	495,011
Salary - Aides & Orderlies	759,220	976,818
Salary - Certified Ventilator Techs		0
Ward Secretary	25,000	25,480
Medical Records	12,883	22,360
Payroll Taxes and Benefits	348,394	435,972
Medical Director		36,000
Training, Travel & Tuition	2,985	1,084
Medical Supplies	46,931	99,059
Non-legend Drugs	6,774	34,287
Utilization Review		0
Office Supplies	3,518	17,706

Pharmacy Consultant		9,600
Barber/Beauty (basic hair care)		0
Contractor Outside Services		10,479
Depr. Direct Patient Care Equip.		0
Equip. Rental Direct Pt Care Equip.		0
Non-Capital Equipment		26,017
Recruiting		11,202
Other (Insurance & Misc.)	152,424	
Gen & Prof Liability Insurance		66,279
Revenue Offset		0
Subtotal Routine	2,042,264	2,906,184
	89.37	80.43

#### **Dietary**

Salary and Wages	214,221 \$	279,347
Payroll Taxes and Benefits	50,386 \$	55,863
Training, Travel and Tuition	65 \$	-
Raw Food	201,822 \$	235,956
Food Supplies	38,518 \$	27,836
Dietary Consultant	\$	6,000
Contractor Outside Services	29,604 \$	-
Gen & Prof Liability Insurance	\$	8,493
Other (Insurance & Misc.)	5,013	
Minor Equipment	\$	2,529
Revenue Offset	\$	-
Subtotal Dietary	539,629 \$	616,024
<b>Dietary Cost/Patient Day</b>	<b>23.62</b>	<b>17.05</b>

#### **Social Services**

Salary and Wages	16,809 \$	43,409
Payroll Taxes and Benefits	3,954 \$	8,681
Training, Travel and Tuition	\$	-
Supplies	67 \$	3,975
Social Work Consultant	\$	6,143
Gen & Prof Liability Insurance	\$	1,320
Other (Insurance & Misc.)	466	
Subtotal Social Services	21,296 \$	63,527
<b>Social Services Cost/Patient Day</b>	<b>0.93</b>	<b>1.76</b>

#### **Patient Activities**

Salary and Wages	38,500 \$	42,556
Payroll Taxes and Benefits	9,056 \$	8,510

Training, Travel and Tuition	\$	-
Supplies	\$	3,976
Contract Services	\$	723
Gen & Prof Liability Insurance	\$	1,294
Other (Insurance & Misc.)	1,307	
Subtotal Patient Activities	48,863 \$	57,058
<b>Patient Activities Cost/Patient Day</b>	2.14	<b>1.58</b>

**Ancillary Services**

Radiology	6,388 \$	9,816
Laboratory	19,710 \$	22,348
Physical Therapist	53,067 \$	131,794
PT Assistant	\$	82,712
PT Aide	\$	30,659
Occupational Therapy	42,100 \$	112,126
Speech Therapy	12,060 \$	106,718
Oxygen Therapy	\$	34,686
Intravenous Fluids	\$	-
Billable Medical Supplies	17,858 \$	37,361
Parenteral and Enteral Therapy	\$	4,249
Life Sustaining Equipment	\$	34,086
Medically Related Transportation	\$	39,693
Other COTA	\$	87,882
Subtotal Ancillary	151,183 \$	734,131
<b>Ancillary Cost/Patient Day</b>	6.62	<b>20.32</b>

<b>Total Direct Cost of Services</b>	2,803,235 \$	4,376,923
<b>Total Direct Cost/Patient Day</b>	122.67	<b>121.13</b>

**Laundry and Linen**

Salary and Wages	12,200 \$	16,224
Payroll Taxes and Benefits	2,869 \$	3,244
Training, Travel and Tuition	\$	-
Linen and Bedding	\$	8,311
Supplies	195 \$	-
Contractor Outside Services	149,060 \$	173,448
Gen & Prof Liability Insurance	\$	493
Other (Insurance & Misc.)	557	
Minor Equipment	\$	361
Revenue Offset	\$	-
Subtotal Laundry and Linen	164,881 \$	202,082
<b>Laundry and Linen Cost/Patient Day</b>	7.22	<b>5.59</b>

**Housekeeping**

Salaries and Wages	183,644 \$	143,494
Payroll Taxes and Benefits	43,194 \$	28,695

Training, Travel and Tuition		\$	-
Supplies	21,317	\$	48,060
Contractor Outside Services	1,964	\$	1,807
Gen & Prof Liability Insurance		\$	4,362
Other (Insurance & Misc.)	4,068		
Minor Equipment		\$	6,143
Revenue Offset		\$	-
Subtotal Housekeeping	254,187	\$	232,561
<b>Housekeeping Cost/Patient Day</b>	11.12		<b>6.44</b>

### Plant Operation and Maintenance

Salary and Wages	44,625	\$	38,563
Payroll Taxes and Benefits	10,498	\$	7,712
Training, Travel and Tuition	719	\$	-
Supplies	58,844	\$	5,782
Contractor Outside Services	65,878	\$	5,420
Repair & Maint. (Equip, Bldg & Grounds)	302,763	\$	34,294
Exterminating Services		\$	5,059
Utilities	289,998	\$	113,693
Gen & Prof Liability Insurance		\$	1,172
Other (Insurance & Misc.)	134,771		
Other (specify)		\$	13,443
Revenue Offset		\$	-
Subtotal Plant Operations & Mainten.	908,096	\$	225,139
<b>Plant Oper. &amp; Mainten Cost/Patient Day</b>	39.74		<b>6.23</b>

### General and Administrative

Salary - Officers			
Salary - Administrator	34,250	\$	100,006
Salary - Assist. Administrator		\$	-
Salary - Pastor		\$	-
Salary - Other Office		\$	149,128
Payroll Taxes and Benefits	8,056	\$	49,821
Central Office Overhead	245,303	\$	-
Management Services		\$	234,102
Director's Fees		\$	-
Training, Travel and Tuition	8,281	\$	30,018
Promo, Public Relations, Want Ads	103,626	\$	1,084
Telephone	10,382	\$	28,185
Dues and Subscriptions	9,097	\$	6,865
Insurance	7,825	\$	-
Copier Expense		\$	-
License Fees	3,101	\$	6,143
Transportation - Operating Expense	530	\$	-
Office Supplies	11,859	\$	20,958
Printing	990	\$	-

Postage	12,785 \$	10,840
Legal and Accounting	13,737 \$	1,807
Income Taxes	\$	-
Data Processing	\$	-
Employee Agency Fees	4,939 \$	-
Bad Debts	38,039 \$	78,033
Contributions	2,125 \$	-
Bank Service Charges	\$	9,034
Interest - Operating	4,003 \$	723
Amortization of Start-up	\$	17,130
Medicaid Assessment Fee	283,310 \$	372,300
Gen & Prof Liability Insurance	\$	7,574
Other (specify)	112,601 \$	132,252
Subtotal General and Administrative	914,839 \$	1,256,001
<b>General and Admin. Cost/Patient Day</b>	<b>40.03</b>	<b>34.76</b>

#### Property, Ownership and Use

Depreciation - Land Improvements	\$	-
Depreciation - Buildings/Bldg Improve.	257,364 \$	-
Depreciation - Equipment	395,142 \$	-
Depreciation - Leasehold Improve.	\$	-
Depreciation - Automobiles	\$	-
Depreciation - Direct Cap Exp Items	\$	-
Depreciation - Nurse Aide Training	\$	-
Rent or Lease	\$	578,558
Equipment Rental	28,911 \$	-
Mortgage, Fixed Asset Interest	14,658 \$	-
Real Estate Taxes	\$	25,000
Insurance/Fixed Asset	\$	9,519
Revenue Offset	\$	-
Other (specify)	\$	-
Subtotal Property, Ownership & Use	696,075 \$	613,078
<b>Property, Ownership &amp; Use Cost/Patient Day</b>	<b>30.46</b>	<b>16.97</b>

#### Total Indirect Cost of Services

	2,938,078 \$	2,528,860
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#### Indirect Cost/Patient Day

	128.58	67.93
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#### Total Reimbursable Operating Expenses

	5,741,313 \$	6,905,783
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#### Reimbursable Cost/Patient Day

	251.25	185.49
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#### Non-Reimbursable Costs

Dental	\$	-
Barber/Beauty (excess of basic care)	13,978 \$	13,008
Vending	\$	-
Ambulance	\$	-

Physician Fees		\$	-
Patient Personal Items		8,474 \$	-
Prescription/Legend Drugs		18,485 \$	476,007
Cable TV		\$	11,202
Subtotal Non-Reimbursable Costs		40,937 \$	500,217
<b>Non-Reimbursable Cost/Patient Day</b>		1.79	<b>13.84</b>
Total Operating Expenses		5,782,250 \$	7,406,000
<b>Total Operating Expense/Patient Day</b>		253.04	<b>204.95</b>

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