

THE  
BRUNSWICK  
COMMUNITY



**HAND-DELIVERY**

October 1, 2015

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Martha Frisone, Assistant Chief  
Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
N.C. Department of Health and Human Services  
809 Ruggles Drive  
Raleigh, NC 27603

Received by  
the CON Section  
OCT 1 2015

Dear Ms. Hale and Ms. Frisone:

Pursuant to N.C. Gen. Stat. 131E-185(a1)(1), The Brunswick Community LLC and Brunswick AL Properties, LLC hereby submit the following comments related to competing applications filed in response to the need determination in the 2015 N.C. State Medical Facilities Plan for 340 adult care home beds to be located in Brunswick County.

Our comments are organized to address specific discrepancies and deficiencies separately for each individual application listed below:

O-011065-15 Calabash Manor

O-011066-15 Leland House

O-011056-15 Arbor Landing at Ocean Isle

O-011069-15 Liberty Commons Assisted Living of Brunswick County

Based on our analysis of the applications, our Brunswick Community application represents the most effective alternative for meeting the needs of Brunswick County with regard to adult care home beds. We appreciate your consideration of our comments in your review process.

Sincerely,

Sonya Rozier  
Project Manager  
The Brunswick Community

**COMMENTS ON PROJECT I.D. No. O-011065-15**  
**CALABASH MANOR**

**Overview**

The Calabash Manor application is missing essential data, contains numerous significant inconsistencies as detailed below and provides little county-specific and project-specific justification for the proposed facility. In fact, the Calabash Manor applicants have filed another application in this same review cycle for the Leland House facility (please see our related comments on the Leland House application). Even a brief review of these two applications suggests that a template CON application was created for both projects and then sections were cut and pasted from one to the other, sometimes being modified and sometimes not. Of particular significance for this review, please note that the applicants for Calabash Manor, in their supporting exhibits, used precisely the same data, assumptions, support letters and other supporting materials for a new 80-bed facility in Calabash as they used to support an application for a 40-bed addition in Leland. The Calabash Manor application is unapprovable standing alone and is also comparatively inferior to the Brunswick Community LLC and Brunswick AL Properties, LLC application.

**Specific Comments**

In question I.9(e), the applicants fail to provide a copy of a proposed or executed Management Agreement, as required by the question, instead stating that the facility will be managed by the Trefzger-related entity, Meridian Senior Living, and including at Exhibit B only an unsigned letter from that entity.

Question I.11 of the CON application requires a list of owners with a 5% or greater interest in the applicant. Here, as throughout the application, the applicants decline to provide that information, stating instead that the applicants are “single purpose LLCs.” This evades the purpose of the question which is “who is behind the application; what is their record and what other financing/development commitments do they have which could impact this project?” Ultimately, even LLCs have owners. None are provided in response to Section I.11. Further, question I.11.b asks for the name of the Managing Member of the LLC. The applicants reference Exhibit C, but that exhibit does not contain the name of a Managing Member.

Question I.12 asks for the identification of other adult care homes “owned, managed or operated” by the applicants. Here, and throughout the application, the applicants state “not applicable” because the applicants are “single purpose entities established for the sole purpose of developing and operating Calabash Manor.” Yet, elsewhere in the application, the applicants tout and rely upon their experience in owning, managing or operating 65 other adult care homes in N.C. through Meridian Senior Living, an entity ultimately owned and managed by Mr. Trefzger. In the spirit of the CON Statute and application and of full transparency, the applicants should answer these questions, and the subsequent questions on quality of care, by revealing their interlocking ownership of 65 N.C. adult care homes and Meridian Senior Living, and these entities’ interlocking development, financing and quality of care records and performance.

Question II.1 requires an explanation of how the applicant proposes to comply with the licensure regulations for adult care homes. The Calabash applicants refer to Exhibit D, which contains only conclusory statements that the applicants will comply with the cited regulations. No detail is provided against which the CON Section can measure the applicants' ability and intention to fully comply.

In Section II.2 of the Application, the applicants list a variety of services they will offer for which they provide no employed staff, no contracted personnel, no supporting contracts if they plan to contract for these services and no corresponding allocation of costs in their Pro Formas. See, for example, the reference to "Pharmacy Services and Medication Administration" at application page 14 and the corresponding reference to Exhibit X. That exhibit contains a generic letter from Stanly Lab, Inc. which offers to provide medications to facility residents along with "educational and support services to staff" and "necessary equipment to your facility for the proper storage of all medications and daily communication of medication orders." By state regulation, adult care homes must have a pharmacy consulting program which includes all of these services. Such services cannot be provided free of charge, including those of a consultant pharmacist, without running afoul of state and federal Anti-Kickback laws (since resident medications are billed to Medicare and other state/federal health care programs). The applicants state in their application that these services will be provided free of charge. See response to question VII.4 stating that certain vendors, including the required consultant pharmacist, is provided at no charge. Likewise, the applicant states that the services of its Registered Dietician will be provided free of charge. The applicants also reflect that residents will have access to the following services: physical therapy, speech therapy, occupational therapy, dental services, physician services, home health services. The applicants have not provided the names of any entity which has agreed to provide these service or documentation of their willingness to do so, included any associated costs for these services and professionals, or otherwise explained the mechanism by which these services will be paid for on behalf of residents.

Question II.5 asks the applicants to describe how they will "measure and maintain quality care." In response, the Calabash applicants simply describe standard operating procedure for an adult care home, focusing on the staff positions they will hire and a generic reference on page 16 to a QA Committee, which is required by law. The applicants do not describe a meaningful quality assurance (QA) or quality improvement (QI) program nor do they provide a copy of an actual or sample QA program. This answer is incomplete.

In Section II.6 the applicants fail to list any of the 65 N.C. adult care homes their related entities operate, based upon their own statements throughout the application. See, for example the responses to questions VIII.3, p. 50; VIII.9; and IX.11(a), among others, for places where the applicants rely upon the "single purpose entity" argument to avoid discussing their other related companies and properties. If the answer to these questions given by the applicants is correct, then none of these questions have any meaning because every long term care applicant creates single purpose entities, normally LLCs, for a variety of risk management, tax and other purposes and could thereby disclaim their CON development history (including delays), their quality of care history and their financing obligations by doing so. If this question was properly answered by the Calabash Manor applicants, the following information would have been provided:

Adult Care Homes	Type B Violation G.S. 131D-34	Type A Violation G.S. 131D-34	Penalty (Provide the amount) G.S. 131D-34	Suspension of Admissions G.S. 131D-2(h)	Provisional License G.S. 131D-2(b)	Revocation of License G.S. 131D-2(b); 131D-29	Summary Suspension of License G.S. 131D-(c)(3)
Alamance House		Type A2	\$1,000.00				
Windsor House		Type A2	\$1,000.00				
Autumn Village		Type A2	\$1,000.00				
Country Time Inn		Type A2	\$4,000.00				
Wellington House		Type A1	\$7,000.00				
"		Type A2	\$4,000.00				
"		Type A2	\$4,000.00				
Haywood House		Type A2	\$2,000.00				
Clayton House		Type A2	\$2,000.00				
Seven Lakes Assisted Living	Unabated Type B		\$12,200.00				
"		Type A2	\$4,000.00				
Oliver House		Type A2	\$2,000.00				

Section III.1(d) of the application requires “copies of correspondence with the county DSS” regarding current occupancy of existing AHC beds and the need for additional beds. The applicants reference Exhibit I and Y, neither of which contain any such correspondence or other evidence of communication or coordination with county DSS officials. No such correspondence is contained elsewhere in the application.

The Calabash applicants’ demonstration of need is particularly weak, relying only upon the information contained at Exhibits E, I and Y. Those consist of a county map and a generic population demographic publication from ESRI at Exhibit E; three letters of support -- one from an area hospice; one from a home care agency and one from an elder law firm (note that this support letter is for the applicants’ related Leland House application) at Exhibit I; and a small chart at Exhibit Y showing the existing adult care homes in Brunswick County and their current occupancy rates. The application contains no meaningful analysis, application of data to projected need or other explanation in support of need for the proposed project. Instead, the applicants rely upon the need identified in the 2015 SMFP and a generic description of disability rates among the elderly from the U.S. Census Bureau, again with no application of those data to a methodology supporting the need for their specific project.

In support of their proposed commitment to the medically-underserved in Section III of the application, the Calabash applicants state that they will serve 50% low income residents and further argue that other Brunswick County licensed adult care homes average 24-27% low income residents. Elsewhere in their application, the applicants reflect differing percentages of their projected service to low income residents. For example, see pages 29-30 reflecting Patient Days by Payor Category for years 1-3 which reflect well over 50% private pay days and well below 50% Special Assistance-Basic Medicaid. See also, page 36, where the applicants project a 41% Special Assistance-Basic Medicaid payor mix and zero “other” which could account for the

difference. See also, Exhibit L at page 158 reflecting a 60% private pay and 40% State/County Special Assistance ratio, which is stated as one of the assumptions in the applicants' pro formas. It is difficult to tell precisely what the applicants are proposing in terms of service to the medically-underserved and low income residents and how their actual projections impact their estimates of revenues and expenses.

In Section IV of the application at page 27, the applicants project an occupancy rate of 93% during the third full year of operation for their proposed 80-bed facility. However, at Exhibit Y of the application, the applicants reflect a current occupancy rate for their existing facility, Leland House, of only 84.6%. That facility is well-established and has operated for many years. In light of the applicants' historical experience, and a weak demonstration of need in their application, it's difficult to see how they can achieve the projected occupancy rate, upon which their financial projections rely.

The applicants omit both the question and answer to application question VII.2 on page 39.

The applicants also entirely omit the response to question VII.5(a) by referencing table VII.4, which does not exist and is not contained in the application.

The Calabash Manor applicants also have deficiencies in their site location and related information. Because the applicants neither own their proposed site, nor have it under contract, they are required to identify a primary and alternate site and to provide evidence of site availability; proper zoning; and available water and sewer. Regarding the applicants' primary site located at 100 Calabash Road, the applicant's reference a letter at Exhibit S in support of proper zoning. However, that letter, from the Town of Carolina Shores, states that the primary site is outside the Town's extra-territorial jurisdiction and that the Town would first need to annex the property and then rezone it. The approval of annexation petitions in rural counties is a difficult and lengthy process at best and often controversial and unsuccessful. In addition, the applicants' secondary site is currently zoned R75 which is "Residential Low Density" according to public tax records. That site will also require rezoning, with all the attendant problems that often brings from owners of single-family homes in the area.

**COMMENTS ON PROJECT I.D. No. O-011066-15  
LELAND HOUSE**

**Overview**

The Leland Health Holdings, LLC and Leland House, LLC CON (“Leland House”) application is not approvable on its face. The application appears to have been filed by the same principal parties as the application of Brunswick Propco, LLC and Brunswick Opco, LLC application, doing business as Calabash Manor. Both applications reflect their authorized representative as Chuck White (see page 1 of each application) and Charles E. Trefzger as responsible officer (see page 2 of each application). However, the two applications are vastly different in terms of size; projected costs and revenues and locations.

That said, it is clear that the preparer of the Leland House application “cut and pasted” portions of this application from the Calabash Manor application. While the Leland House application is purportedly for a 40-bed addition to an existing facility in Leland, N.C., at numerous places the application refers to: 1) not being an existing facility but a new facility; 2) being located in the Southeast corner of Brunswick County or specifically in Calabash; and 3) consisting of 80 beds, all of which are characteristics of the related Calabash Manor application, but not of the Leland House application. These errors and inconsistencies run throughout the Leland House application, making it difficult to tell what is being proposed and, more importantly, whether those portions of the application containing critical cost, staffing and related information are reliable.

In addition, the Leland House application is missing important and required data, including tables/charts; answers to questions that are required of existing facilities seeking to add beds; and costs. The application, standing alone, is not approvable.

**Specific Comments:**

In question I.9(e), the applicants fail to provide a copy of a proposed or executed Management Agreement, as required by the question, instead stating that the facility will be managed by the Trefzger-related entity, Meridian Senior Living, and including at Exhibit B only an unsigned letter from that entity.

Question I.11 of the CON application requires a list of owners with a 5% or greater interest in the applicant. Here, as throughout the application, the applicants decline to provide that information, stating instead that the applicants are “single purpose LLCs.” This evades the purpose of the question which is “who is behind the application; what is their record and what other financing/development commitments do they have which could impact this project?” Ultimately, even LLCs have owners. None are provided in response to Section I.11. Further, question I.11.b asks for the name of the Managing Member of the LLC. The applicants reference Exhibit C, but that exhibit does not contain the name of a Managing Member.

Question I.12 asks for the identification of other adult care homes “owned, managed or operated” by the applicants. Here, and throughout the application, the applicants state “not applicable” because the applicants are “single purpose entities established for the sole purpose of

developing and operating Leland House.” Yet, elsewhere in the application, the applicants tout and rely upon their experience in owning, managing or operating 65 other adult care homes in N.C. through Meridian Senior Living, an entity ultimately owned and managed by Mr. Trefzger. In the spirit of the CON Statute and application and of full transparency, the applicants should answer these questions, and the subsequent questions on quality of care, by revealing their interlocking ownership of 65 N.C. adult care homes and Meridian Senior Living, and these entities’ interlocking development, financing and quality of care records and performance.

See section I.12.(e), for one of numerous references to “the operation of Calabash Manor,” which is the applicants’ related application, but not this one. See also, section III.1(e) for references to “the Proposed Project is for 80 beds;” and III.2(a) for the reference to “we selected a location in southwest Brunswick County due to the need for beds . . .” This application is for 40 beds in the Northeast portion of Brunswick County.

In Section II.2 of the Application, the applicants list a variety of services they will offer for which they provide no employed staff; no contracted personnel; no supporting contracts if they plan to contract for these services and no corresponding allocation of costs in their Pro Formas. See, for example, the reference to “Pharmacy Services and Medication Administration” at application page 14 and the corresponding reference to Exhibit X. That exhibit contains a generic letter from Stanly Lab, Inc. which offers to provide medications to facility residents along with “educational and support services to staff” and “necessary equipment to your facility for the proper storage of all medications and daily communication of medication orders.” By state regulation, adult care homes must have a pharmacy consulting program which includes all of these services. Such services cannot be provided free of charge, including those of a consultant pharmacist, without running afoul of state and federal Anti-Kickback laws (since resident medications are billed to Medicare and other state/federal health care programs). Applicants state in their application that these services will be provided free of charge. See response to question VII.4 stating that certain vendors, including the required consultant pharmacist, is provided at no charge.

In Section II.6 the applicants fail to list any of the 65 N.C. adult care homes their related entities operate, based upon their own statements throughout the application. See, for example the responses to questions VIII.3, p. 50; VIII.9; and IX.11(a), among others, for places where the applicants rely upon the “single purpose entity” argument to avoid discussing their other related companies and properties. If the answer to these questions given by the applicants is correct, then none of these questions have any meaning because every long term care applicant creates single purpose entities, normally LLCs, for a variety of risk management, tax and other purposes and could thereby disclaim their CON development history (including delays), their quality of care history and their financing obligations by doing so. If this question was properly answered by the Leland House applicants, the following information would have been provided:

Adult Care Homes	Type B Violation G.S. 131D-34	Type A Violation G.S. 131D-34	Penalty (Provide the amount) G.S. 131D-34	Suspension of Admissions G.S. 131D-2(h)	Provisional License G.S. 131D-2(b)	Revocation of License G.S. 131D-2(b); 131D-29	Summary Suspension of License G.S. 131D-(c)(3)
Alamance House		Type A2	\$1,000.00				
Windsor House		Type A2	\$1,000.00				
Autumn Village		Type A2	\$1,000.00				
Country Time Inn		Type A2	\$4,000.00				
Wellington House		Type A1	\$7,000.00				
"		Type A2	\$4,000.00				
"		Type A2	\$4,000.00				
Haywood House		Type A2	\$2,000.00				
Clayton House		Type A2	\$2,000.00				
Seven Lakes Assisted Living	Unabated Type B		\$12,200.00				
"		Type A2	\$4,000.00				
Oliver House		Type A2	\$2,000.00				

In its related Calabash Manor application, the Leland House applicants make a compelling case that the need for additional ACH beds in Brunswick County is in the Southwest corner of the county. Then, in this application, they attempt to make the same argument for need in the Northeast part of the county where most existing AHC beds are already clustered. This is inconsistent.

Section III.1(d) of the application requires "copies of correspondence with the county DSS" regarding current occupancy of existing ACH beds and the need for additional beds. The applicants reference Exhibit I and Y, neither of which contain any such correspondence or other evidence of communication or coordination with county DSS officials. No such correspondence is contained elsewhere in the application.

In Section III.4 of their application, the applicants list for the first time their proposed commitment to serve low income persons. See, page 22, paragraph 2. There, the applicants state that they will serve 60% low income residents. In various other places throughout the application, the applicants use different numbers to project their payor mix and, specifically, the percent of low income residents they plan to serve. See, for example, Section VI.2, page 36, reflecting 57% in Year 2 in their ACH beds. See Exhibit L, reflecting 43% State/County Special Assistance in their ACH beds. These payor mix percentages ripple through throughout the application and impact both projected costs and revenues, and ultimately profitability. The inconsistencies in the application make it impossible to determine the actual payor mix and thus the accuracy of the facility's financial projections.

At page 22 of their application, the applicants argue that approving their expansion of an existing adult care home, in an area of the county which, according to their related Calabash



Manor application, already has an adequate supply of ACH beds, somehow fosters competition. This is incorrect.

Question III.6 of the application asks for current patient origin by percentage and by county. The applicants fail to answer this question completely.

In the following question, number III.7(a), the applicants first project their patient origin as being only 73% from Brunswick County and the remainder from New Hanover, Pender and Columbus. Then, on the same page at question III.7(b), they state that 100% of their residents will originate from Brunswick County. If only 73% of their admissions are slated to come from Brunswick County, then the application does not fully meet the needs of the identified service area.

In Section IV of the application, the applicants provide an 82% occupancy rate for their existing facility for the 9 months preceding the application's filing. Exhibit Y of the application reflects, instead, an 84.6% occupancy rate. Nonetheless, the applicants project an occupancy rate of 93% in their third year of operation. Whichever of the two conflicting numbers is their current occupancy rate, neither supports an occupancy rate of 93% in an expansion facility whose existing capacity doesn't even approximate that number and in an area of the county which already has 118 beds between the existing Leland House and the Brunswick Cove facility (combination SNF/ACH).

The applicants are proposing to expand an existing ACH facility, by adding 40 non-special care unit ACH beds. Despite this, they completely fail to answer the questions in section VII.1 (a) – (f), which are required of existing facilities, as “not applicable” because “the proposed facility is a new facility.” This is incorrect.

The applicants also entirely omit the response to question VII.5(a) by referencing table VII.4, which does not exist and is not contained in the application.

In section IX.1, the applicants propose no start up expenses and state, instead, that “Leland House is an existing facility and will be able to transition into operation of the 40 new beds with no start up expenses.” It is impossible to add 40 new beds and the accompanying residents, staff and operating supplies with NO additional salaries and benefit, staff training, inventory (medical/office/food supplies), utilities and other standard start-up expenses.

In tables IX.3A, X.3B and X.4C on page 64 of the application, the applicants project Per Diem Reimbursement Rates for years 1, 2 and 3 which are substantially lower than the rates they currently charge, according to their data provided in response to question X.1 and chart X.1. It is difficult to tell how the applicants constructed the numbers on these two sets of charts but, regardless, they raise questions about the current versus proposed rate structure and the reliability of subsequent Pro Forma revenue calculations based upon those rates.

Please also note that the applicants for Leland House, in their supporting exhibits, used precisely the same data; assumptions; support letters and other supporting materials for a 40-bed addition in Leland as for a new 80-bed facility in Calabash.

Throughout the application, the Leland House applicants reflect the existence of a Special Care Unit at the existing facility. Despite this, Leland House fails to list any SCU expenses (including salaries) in Form C for the first and second years. Likewise, Leland House did not list any SCU revenue on Form B for any of the three years requested. These are both major omissions with major implications for the Leland House application and for the projections regarding the proposed facility addition.

**COMMENTS ON PROJECT I.D. No. O-011056-15**  
**ARBOR LANDING AT OCEAN ISLE, LLC**

**Overview**

This applicant is proposing to convert existing independent living beds to adult care home beds. Having reviewed the application submitted by Arbor Landing at Ocean Isle, The Brunswick Community is of the opinion that this application is comparatively inferior to the Brunswick Community LLC and Brunswick AL Properties, LLC application.

**Specific Comments**

In Section II.5 of the Application, the applicant states that they have a history of providing quality care. But they do not include a sample or draft of a quality assurance program.

In response to question II.2, regarding how the applicant proposes to meet the requirements of 10A N.C.A.C. 13F, the applicant fails to provide sufficient information in response to this question. For example, the applicant states that the facility will provide the services of a Registered Dietician, as required by the regulations, but does not identify an RD or provide any letter of commitment for such services. The application only includes an email from Sydeena Isaacs, RD, saying that she will “provide support with menu development and nutrient analysis of resident menus for Ridge Care, Inc., including Arbor Ridge Ocean Isle Community,” but that her “services will not include nutrition assessment, diagnosis, intervention or monitoring/evaluation of any residents or chart review for individual nutrition concerns.” This is insufficient to meet the regulations at 10A N.C.A.C. 13F .0904. Food quality, nutrition and individualization of diet is a major issue to adult care home residents and to the Division of Health Service Regulation.

Likewise, in this same response, the applicant fails to provide any discussion of whether and how it will provide other services required by these regulations, including physical therapy, occupational therapy, speech therapy, physician services or dental services. Further, the applicant states that the pharmacist, required by 10A 13F .1009, will be provided free of charge. Please see our comments with respect to the Calabash Manor and Leland House applications regarding the legal issues this raises for long term care facilities in terms of the federal Anti-Kickback Statute. Likewise, the applicant states that the dietician services they describe, limited as they are, will also be provided free of charge, which raises questions about the accuracy of that claim. All of these are costs the facility will ultimately have to bear, at least in part, which apparently are not included in the application based upon the statements of the applicant.

The CON Section has historically required applicants to demonstrate not just generic need for additional beds in a county, which the annual SMFP already accomplishes, but to demonstrate site-specific and project-specific need for *that applicant's project* as proposed. The Arbor Landing applicant provides a very generic need analysis and supporting material, consisting largely of occupancy rates of existing adult care homes in the county; population data; and information from the Alzheimer's Association (also used by other applicants but as part of a methodological approach). There is virtually no use of this data; no application of it to any methodology; or any “working” of the data to demonstrate why this project, as opposed to the

competing applicants, should be approved. What is missing from the need demonstration is any site-specific and project-specific analysis. The applicant's support documentation for the project consist largely of letters from local political officials, always eager to attract increased tax revenues and social support services; emails from the applicant's CON consultant to members of the community; and letters from residents or families of the applicant's existing independent living facility. The Brunswick Community applicants have filed with the CON Section a much more robust, comprehensive, data-driven and community-driven need assessment and plan for services that responds to the many community contacts made and discussions had beyond mere generic emails or letters of general support. The Brunswick Community application reflects time spent on the ground in Brunswick County, learning and understanding the needs of the community, and proposing a facility and services that respond to that local need.

**COMMENTS ON PROJECT I.D. No. O-011069-15**  
**LIBERTY COMMONS ASSISTED LIVING OF BRUNSWICK COUNTY**

**Overview**

This applicant is proposing to develop a new adult care home with 110 beds, but no special care unit, in spite of the justified need for a licensed special care unit and other references to a memory care unit. Having reviewed the application submitted by Liberty Commons Assisted Living of Brunswick County, The Brunswick Community is of the opinion that this application is comparatively inferior to the Brunswick Community LLC and Brunswick AL Properties, LLC application. Below are specific comments related to this application.

**Specific Comments**

The Certification Page is not signed by an Officer of either applicant (Liberty Healthcare Properties of Brunswick County, LLC or Liberty Commons Assisted Living of Brunswick County, LLC) as required.

With regard to the applicant’s need methodology, some of the calculations to substantiate the numbers they use appear to be missing and some of their assumptions are erroneous as detailed below:

- On page 37, the applicant states they have utilized Nielson Claritas Market Research Data to identify the bed need by township in Brunswick County and that the Town Creek Township shows a deficit of 92 beds. The footnote indicates that the applicant utilized the Nielson 2020 Population projection. The applicant’s need calculations for the Town Creek Township in Exhibit 6 reflect the need for 121 Adult Care Beds. The applicant states that the 2018 population projections reveal the need for 132 beds however the calculation for that number is not present nor can it be validated. There are currently 40 Adult Care beds licensed in the Town Creek Township which indicates, at best, a need for 81 additional beds (121-40) – NOT 92 as the applicant suggests.

Brunswick County	2010 Census	2015 Census Projection	2020 Total Population	Population / 1000	SMFP Bed Utilization Rate	Bed Surplus / Deficit
Age <35	11584	12299	13336	13.34	0.11	1.47
Age 35-64	11985	13143	13698	13.70	1.58	21.64
Age 65-74	2688	3836	4715	4.72	5.80	27.35
Age 75-84	960	1331	1670	1.67	19.91	33.25
Age 85 and up	316	402	500	0.50	74.35	37.18
	<b>27533</b>	<b>31011</b>	<b>33919</b>			<b>120.88</b>

*120.88 Adult Care Beds are needed in Brunswick County based on 2020 Census Projections; 40 are currently licensed; leaving a deficit of 81beds needed in the Town Creek Township.*

- Additionally, the applicant states “Brunswick Cove Nursing Center, which is located in the Town Creek Township, has 40 beds that serve a different type of

resident (younger MI / MD (sic) patients) than the applicants are proposing to serve. Therefore the Applicants believe these beds shouldn't be counted towards the surplus / deficit since they serve a different market other than the primary elderly / frail ACH population. Subtracting these beds would put the bed deficit to 132". The 2015 License Renewal Application submitted by Brunswick Cove Nursing Center indicates that they have **6 MI patients** and **7 ID/DD patients** (or a total of 13 MI and/or ID/DD patients, of which 11 are under the age of 65) occupying ACH beds. This means that of the 22 occupied ACH beds, 11 appear to be occupied by patients over the age of 65 – the age group that the applicant is proposing to serve. Therefore, the references made by the applicant to Brunswick Cove Nursing Center and their patient population are totally inaccurate and erroneous. Furthermore, the SMFP calculations are already weighted to account for age group variances and do not allow specific diagnosis group weighting or prejudice.

- As further justification for locating the facility in Leland, the applicant points out that Leland House was the highest occupied facility in the county by far, utilizing 26,649 out of a possible 28,470 days for a 94% occupancy rate. However, the 2015 License Renewal Application for Leland House indicates that their census at the time the renewal application was submitted was 66 out of a licensed bed capacity of 74, equating to an occupancy rate of 89% not 94%. Additionally, Leland House submitted an application in this CON review cycle that revealed a total adult care home occupancy rate of 82.1% (see Leland House application, p. 25, Table IV.1). On page 40, the applicant states, "the beds at Leland House are continuously at or near full capacity" which, based on the information presented here is not an accurate statement, and thus the conclusion drawn by the applicant on page 39 that "patient utilization data at Leland House suggests the facility is not and cannot fully meet the needs of the Leland community" is not substantiated.

Applicant has chosen to locate its facility in Leland, not far from Leland House, an existing adult care home, which is seeking to expand. Although the applicant projects that 66% of its residents will be Medicaid and/or County Special Assistance qualified, it has chosen a site that is located in Brunswick Forest, a premiere community in the Town Creek Township. Based upon the demographics of the Brunswick Forest area, the Applicant's projection of drawing its patients from the local community and expecting that 66% of those patients will be Medicaid and/or Special Assistance recipients is simply not reasonable or reliable. Furthermore, there are no letters of support from anyone at Brunswick Forest, and when staff members from The Brunswick Community met with representatives of Brunswick Forest, those representatives indicated that what they were looking for was a high end facility to be located at Brunswick Forest to serve their residents as they age, which would be different from a facility which projects that a majority of its residents will be on Medicaid or State/County Special Assistance. The Liberty application projects a 66% Medicaid population but the location and demographics of Brunswick Landing don't suggest that will be feasible at that location.

Finally, with regard to location, staff members from The Brunswick Community met with staff members from Brunswick County Department of Social Services (DSS) on two occasions

and received a letter of support from the agency personnel and Adult Home Specialist. During those meetings (documented in the Brunswick Community Application), DSS staff members verified that the growth is “south of Leland.” Pattie Myers specifically stated, “we do NOT need new ACH beds in Leland – we need them in the Shallotte / Calabash / Ocean Isle area. That’s where we have the most trouble placing patients and that’s where all the growth of our county is among the retiree community ... in those golf communities between here and the SC line”.

Liberty Commons failed to provide any salary or pay rate information in Table VII.3 as required in Section VII.3(d). While it may be possible to reverse calculate this information based upon the information in Form C and Table VII.3, such a calculation would only provide an average and would be necessarily unreliable. The application form specifically requests such information as part of Section VII.3(d). The failure to provide complete and reliable information as to salaries and pay rates results in the financial information being incomplete and thus unreliable as a whole.

The applicant makes numerous references to memory care services, and provides an overwhelming argument for the need for additional special care beds, but doesn’t specify that they plan to include a special care unit. Additionally, in the charts on pp. 67 and 70 there is no staffing for an SCU, and in the charts on p. 85, there is no per diem reimbursement rate for SCU residents.

Tables X.4 appear to indicate that the per diem charge for private and semi-private rooms will be the same (see p 85), however p. 101 in the assumptions seems to indicate that there is a reduced rate for semi-private rooms.

At page 32 of the application, the applicant states that it will provide a full range of medical, diagnostic and therapeutic services” but does not explain who will provide those services or include any documentation of the availability of professionals willing to do so. The applicant states that, to the extent feasible, these services will be provided in-house but does not indicate if and where related costs are included in the project’s financial information.

On page 34, the applicant states they will have a Quality of Care and Quality of Life program, but no sample quality assurance program or facility policy was included.

Finally, based upon the representations in the Liberty Application, it will cost some \$19 million to construct and make operational (see Capital Cost comparison table below). Based upon Brunswick Community’s calculations, it will take Liberty a minimum of 43 years to see any return on the capital investment at 0 % interest. While there is no specific data which can be cited to contradict this, it defies business reality and, thus, further calls the Liberty financials into question as to whether they truly and accurately reflect what can be reasonably expected of the facility.

Table of Capital Costs

	<b>Arbor Landing</b>	<b>Brunswick Community</b>	<b>Calabash Manor</b>	<b>Leland House</b>	<b>Liberty Commons</b>
Subtotal Site Costs	\$18,300	\$915,000	\$1,539,700	\$411,877	\$3,288,500
Subtotal Construction Costs	\$1,536,000	\$5,096,527	\$5,790,488	\$1,849,500	\$13,893,000
Subtotal Miscellaneous Project Costs	\$386,000	\$255,000	\$1,300,000	\$1,070,000	\$1,779,250
Total Capital Cost of the Project	\$1,940,300	\$6,266,527	\$8,630,188	\$3,331,377	\$18,960,750
Capital cost without site cost	\$1,922,000	\$5,351,527	\$7,090,488	\$2,919,500	\$15,672,250