

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: January 27, 2012
FINDINGS DATE: January 31, 2012
PROJECT ANALYST: Paula Quirin
ASST. SECTION CHIEF: Craig Smith

PROJECT I.D. NUMBER: F-8757-11 / Autumn Corporation d/b/a Autumn Care of Statesville, The Villages of Iredell Skilled Nursing Care Services, LLC and Statesville HMA, LLC d/b/a Davis Regional Medical Center / Relocate 13 nursing facility beds from Davis Regional Medical Center to Autumn Care of Statesville for a total of 103 nursing beds upon project completion / Iredell County

REVIEW CRITERIA FOR REPLACEMENT INSTITUTIONAL HEALTH SERVICES

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.

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Autumn Care of Statesville, an existing 100 bed facility in Statesville is comprised of 90 nursing facility beds and 10 adult care home beds, and is operated by Autumn Corporation through a lease with the Villages of Iredell Skilled Nursing Services, LLC. (VISNCS). Statesville HMA, LLC d/b/a Davis Regional Medical Center (DRMC) currently operates 102 bed acute care beds and 13 nursing facility beds within the same hospital in Statesville. In this proposal, Autumn Care of Statesville, The Villages of Iredell Skilled Nursing Care Services, LLC and Statesville HMA, LLC d/b/a Davis Regional Medical Center propose to relocate 13 nursing facility beds from Davis Regional Medical Center to a 5,026 square foot addition comprised of 7 private rooms and 3 semi-private rooms which will be physically attached to the existing Autumn Care of Statesville facility. There will be a ground lease from VISNCS to DRMC. VISNCS will sublease the 13 nursing facility beds to Autumn

Corporation under the same terms as the existing lease between VISNCS and Autumn Corporation. Upon completion of the project, the Autumn Care of Statesville facility will be comprised of 103 nursing beds and 10 adult care home beds.

The applicants do not propose to add any new health service facility beds, services, or equipment for which there is a need determination in the 2011 State Medical Facilities Plan (SMFP).

However, there are two policies in the 2011 SMFP that are applicable to the review of this project, as described below.

Policy NH-6: Relocation of Nursing Facility Beds

“Relocations of existing licensed nursing facility beds are allowed only within the host county and to contiguous counties currently served by the facility, except as provided in Policies NH-4, NH-5 and NH-7. Certificate of need applicants proposing to relocate licensed nursing facility beds to contiguous counties shall:

- 1. Demonstrate that the proposal shall not result in a deficit in the number of licensed nursing facility beds in the county that would be losing adult care home 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 of licensed nursing facility beds in the county that would gain adult care home 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.”*

The applicants propose to relocate the 13 existing nursing facility beds within Iredell County. Therefore, the proposal will not change the current nursing facility bed inventory in Iredell County. Consequently, the application is conforming with Policy NH-6.

Policy NH-8 Innovations in Nursing facility Design

“Certificate of need applicants proposing new nursing facilities, replacement nursing facilities, and projects associated with the expansion and/or renovation of existing nursing facilities shall pursue innovative approaches in care practices, work place practices, and environmental design that address quality of care and quality of life needs of the residents. These plans could include innovative design elements that encourage less institutional, more home-like settings, privacy, autonomy and resident choice, among others.”

In Section III.3, page 26, the applicants state: *“Policy NH-8 Innovations in the SMFP points clearly to improved resident quality of life consistent with the addition of privacy. This goal is achieved through additional private rooms and decentralization of bathing, dining and recreation (see Exhibit 25) to improve resident’s quality of life.”*

In Section VI.4, page 43, the applicants state:

“The additional 13 NF beds foster “Neighborhood” design features (exhibit 25) as follows:

- *7 of 13 beds are private*
- *Each room features a handicap bath, electric bed and flat screen television*
- *The 13 bed wing features a separate recreational/dining area*

In response to a request by the Agency for additional information to demonstrate compliance with Policy NH-8 innovative approaches in care practices and work place practices, the applicants state that Autumn Care of Statesville will provide the following:

- An electronic health records system *“the Momentum Healthcare System”* which the applicant states, *“... exceeds proposed future regulatory requirements for EHC.”*
- Monitoring of Coumadin levels between periodic routine lab results.
- Provision of individual glucometers for each resident to prevent cross contamination.
- Provision of a separate entrance and waiting area for direct access to a new therapy suite by former residents returning for extended outpatient therapy services.
- A staff station located directly across from the family room to provide direct caregivers closer contact with residents.

The applicants adequately demonstrate that the proposed renovations include innovative approaches in care practices, work place practices, and environmental design that address quality of care and quality of life needs of the residents as required of Policy NH-8. Therefore, the application is consistent with Policy NH-8 and the application is nonconforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to

which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

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Population to Be Served

In Section III.9, page 29, the applicants provide existing and projected patient origin for Autumn Care of Statesville during the first full federal fiscal year of operation, (October 1, 2012 through September 30, 2013), following completion of the project, as shown in the following table.

County	Nursing Facility Beds		Adult Care Home Beds	
	Current	Proposed First Full Federal Fiscal Year 10/1/12 - 9/30/13	Current	Proposed First Full Federal Fiscal Year 10/1/12 - 9/30/13
Iredell	78.0%	78.0%	77.0%	77.0%
Davie	3.5%	3.5%	11.5%	11.5%
Rowan	2.5%	2.5%	11.5%	11.5%
Alexander	5.0%	5.0%		
Catawba	2.5%	2.5%		
Yadkin	3.5%	3.5%		
Forsyth	2.5%	2.5%		
Gaston	2.5%	2.5%		
TOTAL	100.0%	100.0%	100.0%	100.0%

On page 29, the applicants state that projected patient origin was "*Based on current patient origin data.*"

The applicants adequately identify the population proposed to be served.

Need to Relocate Nursing Facility Beds

In Section III.1, page 25, the applicants identify three needs for the proposed project to relocate 13 nursing facility beds from Davis Regional Medical Center to Autumn Care of Statesville:

- " - Additional private rooms*
- Create a more cost effective sized unit*
- Create a more residential long term care environment"*

In a response to a request for supplemental information by the Agency, the applicant states that additional private rooms are needed to meet the demand for private rooms, eliminate the use of semi-private rooms as private rooms and improve occupancy rates.

Additionally, the applicant states that a more cost effective unit will be created when the 13 nursing beds from Davis Regional Medical Center become part of a larger facility, Autumn Care of Statesville, reducing the cost per patient day given the economy of scale associated with a 100 plus bed nursing facilities.

The applicant states the proposed project will create a more residential long term care environment. "*The 13 beds will be transferred from a clinical acute care environment to a long term social setting where psychosocial needs are as important as clinical needs.*"

Projected Utilization

In Section IV. page 32, the applicants report 92% occupancy for the existing nursing facility beds for the nine month period between October 1, 2010 - June 30, 2011. In a response to the Agency's request for more recent utilization data, the applicants provide historical utilization for the period January 1, 2011 – September 30, 2011 which shows occupancy of 92% for the nine months immediately preceding the submission of the application. In Section IV, pages 37-38, the applicants provide projected utilization data for the nursing facility beds for the two years following completion of the project, as shown in the table below.

Projected Utilization

	1 st Quarter 10/1/13 to 12/31/13	2 nd Quarter 1/1/14 to 3/31/14	3 rd Quarter 4/1/14 to 6/30/14	4 th Quarter 7/1/14 to 9/30/14	TOTAL
PY 1 - FFY14					
Patient Days	8,718	8,528	8,623	8,718	34,587
Occupancy Rate	92.0%	92.0%	92.0%	92.0%	92.0%
# of Beds	103	103	103	103	103
PY 2 - FFY15					
Patient Days	8,718	8,528	8,623	8,718	34,587
Occupancy Rate	92.0%	92.0%	92.0%	92.0%	92.0%
# of Beds	103	103	103	103	103

In Section IV.2, page 31, the applicants state:

“The 92% occupancy is based on existing utilization and slightly better utilization of beds due to the increased number of private rooms. This avoids the use of semi-private rooms as private rooms to meet resident needs.”

The applicants assume the average fill-up rate of four patients per week and state on page 30, *“This is a 13 bed expansion which will reach capacity in the first month.”*

Projected occupancy during the second full fiscal year (October 1, 2013 – September 30, 2014) is 92%, which exceeds the 90% required by 10A NCAC 14C .1102(b). The applicants adequately demonstrate that projected utilization is based on reasonable assumptions regarding current occupancy of existing nursing facility beds in Iredell County.

In Section III.5, page 28, the applicants state that there are four other nursing facilities in Iredell County: The table below illustrates the four facilities location, size and occupancy rates.

Iredell County Nursing Facilities (Excluding Hospitals)

Facility	Location	# NF Beds	% Occupancy 9/30/10
Brian Center – Health & Rehab	Statesville	147	85%
Maple Leaf health Care	Statesville	94	96%
Brian Center Health & Retirement	Mooresville	131	88%
Mooresville Center	Mooresville	130	98%

Source: 2011 License Renewal Applications

The applicants adequately identify the population to be served and demonstrate the need that the population has for the proposal to relocate the 13 existing nursing facility beds. Therefore, the application is conforming with this criterion.

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

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The applicants propose to relocate 13 existing nursing facility beds currently located at Davis Regional Medical Center in Statesville to an existing nursing facility, Autumn Care of Statesville which is located 4.6 miles from DRMC. In Section III.5, page 28, the applicants state:

There are four other nursing facilities in Iredell County:

- *Brian Center - Statesville(147 NF beds)*
- *Maple Leaf Health Care (94 NF bed)*
- *Brian Center – Mooresville (131 NF beds)*
- *Mooresville Center (130 NF beds)*

In addition, the 2011 SMFP projects a surplus of 59 nursing beds in Iredell County.

Both Autumn Care of Statesville and Davis Regional Medical Center are located in Statesville with excellent access to I-40, I-77, US 70 and US 21 the primary transportation arteries in Iredell County. Statesville is centrally located in Iredell County.

All residents will be transferred from DRMC to Autumn Care of Statesville unless they prefer another area nursing facility. Financial status of the resident is not a barrier to transfer.”

The applicants adequately demonstrate that the proposed relocation of 13 beds from Davis Regional Medical Center to Autumn Care of Statesville will not adversely affect the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care

- (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.

NC

In Section III.2, page 26,. the applicants state:

"The following alternatives were considered:

- 1) Continue to operate 90 NF beds*
- 2) Relocate 13 NF Beds to Autumn Care of Statesville*
- 3) Various design scenarios to accommodate 13 additional NF beds*

The decision to add 13 NF beds transferred from Davis Regional Medical Center was based on the identified needs previously identified in III 1.(1)."

In Section III.1 and additional information provided at the Agency's request, the applicants state that the proposed project would meet the needs for additional private rooms; promote cost effective care by transferring beds to a larger facility that realizes a lower cost per patient owing to economy of scale; and provide a more "desirable resident environment" than an acute care setting.

However, the application is not conforming to all other applicable statutory review criteria. See Criteria (13a), (13c) and (18a). The applicants did not adequately demonstrate that their proposal is the least costly or most effective alternative. Therefore, the application is nonconforming to this criterion.

- (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.

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In Section VIII, pages 58-62, the applicants project the total capital expenditure for the project will be \$1,117,860, which includes \$120,000 for site costs, \$677,860 for construction costs, \$80,000 for consultant fees, and \$130,000 for equipment and furniture costs, and \$110,000 in miscellaneous costs. In Section IX.1, page 63 the applicants project there will be no start-up expenses and no initial operating expenses. In Section VIII.2, page 59, the applicants identify a commercial loan for \$1,117,860 as the sole source of funding to finance the capital costs of the proposed project.

Exhibit 15 contains a letter from a Wilkes County Area Executive for BB&T which states:

"BB&T would seriously consider providing the required construction financing and permanent financing for the proposed 13 nursing bed addition. The loan terms would be as follows:

Entity : Statesville HMA, LLC d/b/a Davis Regional Medical Center
Purpose: 13 nursing bed addition attached to Autumn Care of Statesville

Interest Rate: Market, rate, at closing
Period: 20 years
Amount: \$1,125,000

Financing would be contingent upon satisfactory review of the pro forma financial statements and also subject to an acceptable appraisal, Certificate of Need, and compliance with BB&T standard loan underwriting guidelines."

The applicants adequately demonstrate the availability of funds for the capital needs of the project.

In Section X, pages 71-76, the applicants provide projected per diem reimbursement rates/charges for the current year (October 1, 2010 – June 30, 2011) and for the first two full federal fiscal years of operation.

Autumn Care of Statesville Current and Projected Per Diem Reimbursement Rates/ Charges

Source of Payment by Type of Care	Current Per Diem Rates October 1, 2010- June 30, 2011		Projected Per Diem Rates Year 1: October 1, 2013- June 30, 2014 Year 2: October 1, 2014- June 30, 2015	
	Private Room	Semi-Private Room	Private Room	Semi-Private Room
Nursing Unit				
Private Pay	\$222.00	\$212.00	\$225.00	\$185.00
Commercial Insurance				
Medicare	\$393.51	\$393.51	\$393.51	\$393.51
Medicaid	\$162.71	\$162.71	\$162.71	\$162.71
Other	\$162.71	\$162.71	\$162.71	\$162.71

The table below illustrates the charges for each nursing facility in Iredell County for federal fiscal year 2010 as reported in 2011 License Renewal Applications.

Iredell County Nursing Facility FFY2010 Charges Excluding Hospitals

Nursing Facility	# NF Beds	Private Pay Private Room	Private Pay Semi-Private Room	Medicare	Medicaid
Autumn Care	90	\$212.00	\$202.00	\$413.22	\$167.00
Brian Center Health - Mooresville	131	\$213.50	\$178.50	None provided	\$152.13
Mooresville Center	130	\$213.00	\$203.00	\$522.90	\$166.28
Maple Leaf Health	94	\$217.00	\$211.00	\$646.91	\$160.93
Brian Center Health -Statesville	147	\$227.00	\$214.00	\$640.68	\$150.56
Average # Beds/ Average Charge	93	\$216.50	\$201.70	\$555.87	\$159.38

Source: 2011 License Renewal applications. Medicare Charges = average of RUGs charges.
 Medicaid charges = July- Sept. rates

As shown in the tables above, the proposed charges for both private and semi-private rooms are reasonable in comparison to FFY10 charges by comparable current nursing home operators in Iredell County.

In the pro forma financial statements, the applicants project that revenues will exceed operating costs in the first two full fiscal years of operation following completion of the project. The assumptions used by the applicants in preparation of the pro formas are reasonable, including projected utilization. See Criterion (3) for discussion of projected utilization. The applicants adequately demonstrate that the financial feasibility of the project is based on reasonable assumptions regarding projected utilization, costs and charges. Therefore, the application is conforming with this criterion.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

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The applicants adequately demonstrate the need to relocate the 13 nursing facility beds from Davis Regional Medical Center to Autumn Care of Statesville. See Criterion (3) for discussion. The applicants do not propose to develop any additional nursing facility beds. The total inventory of nursing facility beds in Iredell County will not change. The applicants adequately demonstrate the proposed project would not result in unnecessary duplication of existing or approved health service capabilities or facilities, and the application is conforming with this criterion.

- (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.

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In Section VII.3, pages 54-55, the applicants project the following staff for the second year of operation.

Projected Staff FTEs Operating Year 2

Positions	FTEs	Annual Consultant Hours
Medical Director		120
Director of Nursing	1.0	
Asst Director of Nursing	1.0	
MDS Nurse	2.0	
Staff Development Coordinator	1.0	
RNs	5.6	
LPNs	15.4	
CNAs	40.6	
Secretary	1.0	
Medical Records	1.0	
Pharmacy Consult		120
Licensed Dietitian		120
Food Services Supervisor	1.0	
Cooks	4.2	
Dietary Aides	7.0	
Social Services Director	1.0	
Social Services Admissions	1.0	
Activity Director	1.0	
Activity Assistant	1.0	
Physical Therapist	2.0	
Physical Therapist Assistant	2.5	
Occupational Therapist	1.5	
Occupational Therapist Assistant	3.5	
Speech Therapist	1.0	
Housekeeping Supervisor	0.5	
Laundry Supervisor	0.5	
Housekeeping Aides	8.4	
Laundry Aides	2.8	
Maintenance Supervisor	1.0	
Administrator	1.0	
Office Manager	1.0	
Bookkeeper	1.0	
Receptionist	1.0	
Transportation	1.0	
Total	113.5	360

The applicants propose a staff of 113.5 full-time equivalent (FTE) positions. The applicants project 11,648 RN hours (5.6 RNs X 2,080 annual hours = 11,648 R N hours), 32,032 LPN hours (15.4 LPNs X 2,080 annual hours = 32,032), and 79,170 CNA hours (40.6 CNAs X 1,950 annual hours = 79,170) in Project Year 2. Therefore, the applicant projects 3.45 nursing hours per patient day in Project Year 2 [((11,648 + 32,032 + 79,170) / 34,587 total patient days = 3.56 nursing hours per patient day].

Adequate costs for all health manpower and management positions proposed in Table VII.3, pages 54-55, are budgeted in Form C of the pro forma financial statements. The applicants provide a copy of the contract for the Medical Director of Autumn Care of Statesville in Exhibit 11. All other necessary staff is included in Table VII.3 either as employees or through contractual arrangements. The applicants adequately demonstrate the availability of sufficient resources, including health manpower and management personnel, for the provision of the proposed services. Therefore, the application is conforming with this criterion.

- (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.

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In Section II.4, page 23, the applicants identify the proposed provider of each necessary ancillary and support service. Services to be provided on a contract basis include dietary, as well as physical, occupational and speech therapies. Exhibit 9 contains a copy of the transfer agreements between Autumn Care of Statesville and the following providers: Davis Regional Medical Center, Iredell Memorial Hospital and Hospice and Palliative Care of Iredell County. Exhibit 12 contains letters of support from area health care professionals, service and business providers and members of the community. The applicants adequately demonstrate that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming with 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

- (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 replacement members of the HMO for the health service to be provided by the organization; and

NA

- (b) The availability of replacement 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

- (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.

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Autumn Care of Statesville, The Villages of Iredell Skilled Nursing Care Services, LLC and Statesville HMA, LLC d/b/a Davis Regional Medical Center propose to construct a 5,026 square foot wing which will be physically attached to the existing Autumn Care of Statesville facility to house the 13 nursing facility beds relocated from Davis Regional Medical Center to the Autumn Care of Statesville facility. The applicant proposes that the new wing will consist of 7 private rooms and 3 semi-private rooms.

In Table VIII.1, page 58, the applicants state that the proposed construction cost for the building is \$677,860. In Section XI.10, page 86, the applicants state that the construction cost per square foot is estimated to be \$110.00 and the construction cost per bed is estimated to be \$45,528. The construction costs are verified in Exhibit 26 by David Polston, AIA, and are consistent with the projected costs in Section VIII. In Section XI.14, page 87, the applicants describe the measures that will be used to contain costs and maintain efficient energy operations which include high seer rated heating and air conditioning systems; zoned areas to reduce utility costs; construction in accordance with North Carolina State Energy Code and Energy Efficient Design of New Buildings; high efficiency lighting, thermo-pane insulated windows and individual thermostats to provide precise temperature control. The applicants adequately demonstrate that the cost, design and means of

construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing services. See Criterion (5) for a discussion of costs and charges. Therefore, the application is conforming with this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NC

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and CY 2009, respectively. The data in the table was obtained on January 10, 2012. More current data, particularly with regard to the estimated uninsured percentages, was not available.

	Total # of Medicaid Eligibles as % of Total Population	Total # of Medicaid Eligibles Age 21 and older as % of Total Population	% Uninsured CY 2009 (Estimate by Cecil G. Sheps Center)
County			
Iredell	14.0%	5.5%	18.3%
Statewide	17.0%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services offered by Autumn Care of Statesville.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of

persons eligible for dental services with the number actually receiving services. The statewide percentage was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. However, as of January 10, 2012, no population data was available by age, race or gender. Even if the data were available, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

As of January 10, 2012, there were five facilities with nursing facility beds in Iredell County, excluding hospitals and Continuing Care Retirement Communities ("CCRCs") with nursing facility beds. The following table illustrates the payor mix for these facilities and the Iredell County and Statewide Averages for Fiscal Year 2010, as reported to the Division of Medical Assistance.

Facility	Medicaid NF Days as a Percent Of Total NF Days Reported to DMA in 2010 Cost Reports	Medicare NF Days as a Percent of Total NF Days Reported to DMA in 2010 Cost Reports
Autumn Care	61.7%%	20.4%
Brian Center -Statesville	77.5%	13.3%
Mooresville Center	54.8%	27.7%
Maple Leaf Health	71.2%	20.1%
Brian Center - Mooresville	73.1%	15.6%
Iredell County Average	67.7%	19.5%
Statewide Average*	67.6%	16.5%

*Excluding NF beds in hospitals and CCRSs

The table below compares the differences between percentages of Medicaid nursing days provided by the applicants, the average provided within the county and statewide. As shown in the table above, according to 2010 DMA cost reports, the nursing patient days of care provided by Autumn Care of Statesville to Medicaid recipients (61.7%) is 6.0 percentage points (67.7% - 61.7% = 6.0%) below the Iredell County average (67.7%) and 5.9% percentage points (67.6% - 61.7% - 5.9%) below the statewide average.

Autumn Care of Statesville
 Project #F-8757-11
 Page 16

	Comparison to County Average Medicaid NF days	Comparison to Statewide Average Medicaid NF days
Autumn Care of Statesville	61.7%	61.7%
Iredell County	67.7%	67.7%
Difference	6.0 percentage points	5.9 percentage points

Furthermore, in Section VI.2, page 42, the applicants provide the payor mix for Autumn Care of Statesville. The applicants state: "The following payor source utilization is derived from the FY2011 data:"

Payor Source	Nursing beds % of Patient Days
Private Pay	16.1%
Commercial Insurance	0%
Medicare	24.7%
Medicaid	56.9%
Hospice*	2.3%
Total	100.00%

* Hospice covered under Medicaid

As illustrated in the table above, the applicants' percentage of nursing patient days of care provided to Medicaid recipients (56.9%) including Hospice (2.3%) in FY2011 was 59.2%, (56.9% + 2.3% = 59.2%), which is 2.5 percentage points less than 61.7% Medicaid nursing patient days provided by the applicants in FY 2010. (61.7% - 59.2% = 2.5%). Furthermore, nursing patient days of care provided to Medicaid recipients in FY2011 (59.2%) is 8.5 percentage points less than the County average (67.7%). (67.7% - 59.29% = 8.5%) and 8.4 percentage points (67.6% - 59.2% = 8.4%) less than the statewide average (67.6%). The applicants did not adequately demonstrate that Autumn Care of Statesville provides adequate access to medically underserved populations. Therefore, the application is nonconforming with this criterion.

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

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In Section VI.6, page 44, the applicants state there have been no civil rights access complaints filed against Autumn Care of Statesville.

- (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

NC

In Section VI.3, page 43, the applicants project the payor mix for Year 2 of the project, FFY14 as illustrated in the table below.

Projected Payor Mix as % of Total Days FFY14

Payor	Patient Days as % of Total
Private Pay	14%
Medicare	24%
Medicaid	62%
Total	100.0%

As illustrated in the table above, the applicants project Medicaid will comprise 24% of total patient in year 2 which is the same percentage of Medicaid nursing days provided in FY 2010. The projected Medicaid percentage of patient days (62%) is 5.7% percentage points lower than the average county (67.7%) and 5.6% percentage points lower than the statewide average (67.6% - 62% = 5.6%).

The applicants do not adequately demonstrate that medically underserved groups will have adequate access to the proposed services, and the application is nonconforming with 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 VI.7, page 45, the applicants list healthcare providers and agencies that serve as service area referral sources. The applicants adequately demonstrate they offer a range of means by which patients will have access to the proposed services. Therefore, the application is conforming with 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

Exhibit 10 contains a signed agreement between Mitchell Community College and Autumn Care of Statesville for the use of the Autumn Care of Statesville facility as a training site for nurse assistant students. The application is conforming with 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.

NC

In Sections II, III, V, VI and VII the applicants discuss cost-effectiveness, quality and access to the proposed services. However, the applicant has not demonstrated that it has provided adequate access to medically underserved populations [see Criterion (13) for additional discussion]. Therefore, the application is conforming to this criterion.

- (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

An examination of the files in the Nursing Home Licensure and Certification Section in the Division of Health Service Regulation for Autumn Care of Statesville indicates that, within the 18 months immediately preceding the date of this decision, there were no incidents for which certification deficiencies that constitute substandard quality of care were imposed on Autumn Care of Statesville. Therefore, the application is conforming with this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department

shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The proposal is conforming with all applicable Criteria and Standards for Nursing Facility or Adult Care Home Services in 10A NCAC 14C Section .1100, as indicated below.

SECTION .1100 - CRITERIA AND STANDARDS FOR NURSING FACILITY SERVICES

.1101

INFORMATION REQUIRED OF APPLICANT

- (a) *An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*

-NA- The applicants do not propose to establish new nursing facility beds or new adult care home beds.

- (b) *An applicant proposing to establish new nursing facility or adult care home beds shall project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which patient origin is projected, shall be stated.*

-NA- The applicants do not propose to establish new nursing facility beds or new adult care home beds.

- (c) *An applicant proposing to establish new nursing facility or adult care home beds shall show that at least 85 percent of the anticipated patient population in the entire facility lives within a 45 mile radius of the facility, with the exception that this standard shall be waived for applicants proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, facilities that are fraternal or religious facilities, or facilities that are part of licensed continuing care facilities which make services available to large or geographically diverse populations.*

-NA- The applicants do not propose to establish new nursing facility beds or new adult care home beds.

- (d) *An applicant proposing to establish a new nursing facility or adult care home shall specify the site on which the facility will be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify at least one alternate site on which the services could be operated should acquisition efforts relative to the proposed site ultimately fail, and shall demonstrate that the proposed and alternate sites are available for acquisition.*
- NA- The applicants do not propose to establish a new nursing facility or a new adult care home.
- (e) *An applicant proposing to establish a new nursing facility or adult care home shall document that the proposed site and alternate sites are suitable for development of the facility with regard to water, sewage disposal, site development and zoning including the required procedures for obtaining zoning changes and a special use permit after a certificate of need is obtained.*
- NA- The applicants do not propose to establish a new nursing facility or a new adult care home.
- (f) *An applicant proposing to establish new nursing facility or adult care home beds shall provide documentation to demonstrate that the physical plant will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F, whichever is applicable.*
- NA- The applicants do not propose to establish new nursing facility beds or new adult care home beds.

.1102

PERFORMANCE STANDARDS

- (a) *An applicant proposing to add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed nursing facility beds within the facility in which the new beds are to be operated was at least 90 percent.*
- C- In Table IV.1, page 32 and in supplemental information provided by the applicants at the Agency's request, the average occupancy rate reported is 91.7% for the 90 nursing facility beds at Autumn Care of Statesville during the nine

months immediately preceding the submission of the application.

- (b) *An applicant proposing to establish a new nursing facility or add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless occupancy is projected to be at least 90 percent for the total number of nursing facility beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be clearly stated.*

-C- In Table IV.3, page 38, the applicants project an average occupancy rate of 91.9% for the 103 nursing facility beds at Autumn Care of Statesville by the second year of operation of the project. The applicants assume a average fill-up rate of four patients per week and anticipate the 13 bed expansion will reach capacity in the first month. See Criterion (3) for additional discussion.

- (c) *An applicant proposing to add adult care home beds to an existing facility shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed adult care home beds within the facility in which the new beds are to be operated was at least 85 percent.*

-NA- Autumn Care of Statesville does not propose to add new adult care home beds to an existing facility.

- (d) *An applicant proposing to establish a new adult care home facility or add adult care home beds to an existing facility shall not be approved unless occupancy is projected to be at least 85 percent for the total number of adult care home beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*

-NA- Autumn Care of Statesville does not propose to establish new adult care home beds.

