

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DATE: July 17, 2014  
PROJECT ANALYST: Kim Randolph  
INTERIM CHIEF: Martha Frisone

PROJECT I.D. NUMBER: G-10242-14/ Arbor Acres United Methodist Retirement Community Inc./ Add 18 nursing facility beds pursuant to Policy NH-2 and 4 adult care home beds pursuant to Policy LTC-1 in the 2014 SMFP/ Forsyth County

### REVIEW CRITERIA FOR NEW 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.

CA

Arbor Acres United Methodist Retirement Community (Arbor Acres) is a non-profit facility licensed by the Department of Insurance as a Continuing Care Retirement Community (CCRC). It is located at 1240 Arbor Road in Winston-Salem, Forsyth County. In Section I, page 2, the applicant states

*“Arbor Acres United Methodist Retirement Community, Inc. intends to expand and renovate its licensed health center facility to add 18 new nursing facility beds and 4 assisted living beds (adult care); at project completion the facility will be licensed for a total of 83 nursing facility beds and 106 adult care home (assisted living) beds.”*

In Section 1, page 7, of the application, the applicant states Arbor Acres is an 82-acre campus consisting of independent living facilities along with nursing facility and adult care home beds. The independent living facilities include 3 residential wings with 83 units (studio, efficiency and one-bedroom units), 3 courtyard apartments, 12 cluster homes, 44 Stockton Building apartments, and 128 houses. The licensed nursing facility and adult care home beds are located in two buildings on campus, the Fitzgerald Heath Center and Asbury Place. There are currently a total of 167 licensed beds which include 65 nursing facility beds and 102 adult care home beds, which

include 30 special care unit (SCU) beds. The applicant proposes to add 18 nursing facility (NF) beds and 4 adult care home (ACH) beds for a total of 189 licensed beds upon completion of the project. The table below summarizes the current and proposed number of nursing facility and adult care home beds.

<b>Arbor Acres</b>					
<b>Building Name</b>	<b>Current Nursing Facility Beds</b>	<b>Proposed Nursing Facility Beds</b>	<b>Current ACH Beds</b>	<b>Proposed ACH Beds</b>	<b>Licensed Beds after Project Completion</b>
Fitzgerald Health Center	65	83	30*	30*	113
Asbury Place	0	0	72	76	76
<b>Total</b>	65	83	102	106	189

\* SCU

There are no need determinations in the 2014 State Medical Facilities Plan (2014 SMFP) applicable to the review of this proposal. However, because Arbor Acres is a CCRC and is applying to add both nursing facility and adult care home beds, Policy NH-2, Policy NH-8, Policy LTC-1, and Policy GEN-4 are applicable to this review and are discussed below.

**Policy NH-2**

*“Policy NH-2: Plan Exemption for Continuing Care Retirement Communities*

*Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for nursing care without regard to the nursing care bed need shown in Chapter 10: Nursing Care Facilities. To qualify for such exemption, applications for certificates of need shall show that the proposed nursing care bed capacity:*

- (1) *Will only be developed concurrently with or subsequent to construction on the same site of facilities for both of the following levels of care:*
  - a. *independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms;*
  - b. *licensed adult care home beds for use by people who, because of age or disability, require some personal services, incidental medical services and room and board to assure their safety and comfort.*
- (2) *Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing unit of the continuing*

*care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.*

*(3) Reflects the number of nursing care beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.*

*(4) Will not be certified for participation in the Medicaid program.”*

In Section III.4, page 37, the applicant provides the following description of how the proposed project is consistent with Policy NH-2.

1. The proposed 18 additional nursing facility beds will be developed subsequent to construction on the same site of facilities for both independent living accommodations and licensed adult care home beds.
2. The proposed 18 additional nursing facility beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived in a non-nursing unit of the continuing care retirement community for at least 30 days. Exceptions are allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.
3. The proposed 18 additional nursing facility beds reflect the number of nursing facility beds required to meet the current and projected need of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.
4. The facility will not be certified to participate in the Medicaid program.

The applicant adequately documents the proposal is consistent with Policy NH-2.

## **Policy NH-8**

*“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.4, pages 37-38, the applicant provides the following description of how the proposed project is consistent with Policy NH-8.

The applicant states it is implementing new care practices and work place practices by expanding staff training to change the nursing facility and adult care home culture using a Resident-Centered Life model. Some of the changes include: individual care practices based on resident's needs and preferences; focus on the whole person; shifts in work place practices to create consistent staff assignments; and empowerment of residents.

On page 38, the applicant states these changes will de-institutionalize the environment and provide more opportunities for personal environments. Some of the renovations and innovations include

- Reconfiguring the living areas to create neighborhoods
- Eliminating shared bathrooms
- Enlarging resident rooms to accommodate more personal items
- Increasing natural light
- Promoting accessibility and safety

The applicant adequately documents the proposal is consistent with Policy NH-8.

### **Policy LTC-1**

*“Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds*

*Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for adult care without regard to the adult care home bed need shown in Chapter 11: Adult Care Homes. To qualify for such exemption, applications for certificates of need shall show that the proposed adult care home bed capacity:*

- (1) Will only be developed concurrently with, or subsequent to, construction on the same site of independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms.*

- (2) *Will provide for the provision of nursing services, medical services or other health related services as required for licensure by the North Carolina Department of Insurance.*
- (3) *Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- (4) *Reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*
- (5) *Will not participate in the Medicaid program or serve State-County Special Assistance recipients.”*

In Section III.4, page 39, the applicant provides the following description of how the proposed project is consistent with Policy LTC-1.

1. The proposed four additional adult care home beds will be developed subsequent to construction on the same site of facilities for independent living accommodations.
2. The proposed project includes nursing services, medical services, or other health related services as required by the N.C. Department of Insurance. The applicant currently provides nursing services, medical services, or other health related services to current residents.
3. The proposed four additional adult care home beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived in a non-nursing or adult care unit of the continuing care retirement community for at least 30 days. Exceptions are allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing unit or adult care home unit or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.
4. The proposed four additional adult care home beds reflect the number of adult care home beds required to meet the current and projected need of residents with whom the facility has

an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.

5. The facility will not be certified to participate in the Medicaid program or serve State-County Special Assistance recipients.

The applicant adequately documents the proposal is consistent with Policy LTC-1 Adult Care Homes.

#### **Policy GEN-4**

*“Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*

*Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

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

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

In Section III.4, page 41, the applicant adequately describes the proposed project’s plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

The application is conforming with Policy NH-2, Policy NH-8, Policy LTC-1, and Policy GEN-4. Therefore, the application is conforming with this Criterion subject to Condition #8 in Criterion (4).

- (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.

C

Arbor Acres is licensed by the Department of Insurance as a CCRC and is located in Winston-Salem, Forsyth County. The applicant proposes to expand and renovate its facility to add 18 nursing facility beds and 4 adult care home beds, for a total of 83 nursing facility beds and 106 adult care home beds at project completion. In Section III, pages 36 and 38, the applicant states that the 18 nursing facility beds and the 4 adult care home beds will be available exclusively to persons with a continuing care contract with Arbor Acres, as required by Policies NH-2 and LTC-1 in the 2014 SMFP.

**Population to Be Served**

In Section III, page 43, the applicant provides a table showing that all of the proposed Arbor Acre residents will be residents of Forsyth County. The applicant states

*“As a continuing care retirement community, the nursing facility and assisted living beds serve the needs of Arbor Acres residents. When an individual becomes a member of the Arbor Acres community he/she establishes residency in Forsyth County. Therefore patient origin reflects the 100 percent resident origin from Forsyth County.”*

On page 45, the applicant states

*“... Often an Arbor Acres resident will utilize the nursing facility or assisted living unit on a short-term basis to recover from surgery or illness and regain their strength following hospitalization.*

*Direct admissions to the nursing facility beds do occur. However, these individuals are also establishing residency at Arbor Acres. Based on these circumstances, patient origin reflects the 100 percent origin from within minutes of the Arbor Acres community and from within Forsyth County.”*

In Section II.1, page 10, the applicant further states

*“... Prior to becoming a resident at Arbor Acres, residents previously resided in numerous counties throughout North Carolina and other states. The majority of residents previously resided in Forsyth County.”*

The applicant’s 2014 License Renewal Application (LRA) provides data showing the majority of its FY 2013 nursing facility residents and adult care home residents originated from Forsyth County. The applicant adequately identifies the population to be served.

### **Need for Proposed Services**

In Section III.1, page 27, the applicant states the following key factors justify the need for this project.

- *“Demographic Factors*
- *Historical Occupancy at Arbor Acres and Waiting List Information*
- *Limitations of the Existing Facilities to Accommodate Changes*
- *Impact of Adding Independent Living Units*
- *Summary of Projected Occupancy and Utilization”*

In Section III.1, pages 27-34, the applicant discusses the key factors as described below.

#### Demographic Factors

On page 27, the applicant states Forsyth County has the fourth largest population in North Carolina and by 2018, is projected to increase by 24,000 persons, according to the Office of State Budget and Management. The highest growth rate is expected to occur in the age 60 year and older segment as shown in the table below.

<b>Forsyth County</b>	<b>2014</b>	<b>2018</b>	<b>% Increase</b>
Age 0 – 59	291,677	296,580	1.68%
Age 60 and older	73,505	82,502	12.24%
Total population	365,182	379,082	3.81%

The applicant states the age 60 and older segment of the population is the age group interested in utilizing retirement communities.

#### Historical Occupancy at Arbor Acres and Waiting List Information

On page 28, the applicant states the current and future demographics of the Arbor Acres resident population reflect a higher demand for nursing facility beds than the overall Forsyth County population, as summarized in the table below.

<b>Facilities</b>	<b>Independent Living Occupancy</b>	<b>Adult Care Home Bed Occupancy</b>	<b>Nursing Facility Bed Occupancy</b>
Arbor Acres	95.70%	96.90%	96.28%
NC CCRCs Combined	88.60%	88.10%	87.70%

Source: Section III.1, page 28.

The applicant summarizes the Arbor Acres waiting list as of February 23, 2014, as shown below.

Independent Living            224 Individuals  
Adult Care                      2 Individuals  
Skilled Nursing Care        1 Individual

Limitations of the Existing Facilities to Accommodate Change

Arbor Acres has two buildings which contain the licensed nursing facility and adult care home beds, Asbury Place and the Fitzgerald Health Center. The Asbury Place building is not undergoing renovation as part of this project, however the applicant is proposing to relocate six existing adult care home beds from the Fitzgerald Health Center to Asbury Place and add four adult care home beds. Following is summary of the applicant’s proposal.

<b>Building</b>	<b>Currently Licensed ACH Bed</b>	<b>Currently Licensed SCU ACH Beds</b>	<b>Currently Licensed SNF Beds</b>	<b>Proposed Bed Additions</b>	<b>Proposed Bed Relocation</b>	<b>Total Beds at Project Completion</b>
Asbury Place	66	0	0	4 ACH	+6 ACH	76
Fitzgerald Health	6	30	65	18 SNF	-6 ACH	113*

\* The 113 beds in the Fitzgerald Health Center are comprised of 83 nursing facility beds and 30 SCU-ACH beds.

Arbor Acres will have a total of 189 licensed beds comprised of 106 adult care home beds (76 adult care home beds + 30 SCU adult care home beds) and 83 nursing facility beds (65 nursing facility beds + 18 new nursing facility beds) upon completion of the project.

On page 29, the applicant states the Fitzgerald Health Center was originally built in two phases completed in 1985 and 1987. Due to the age of the building, this current project includes the following elements.

- Replace air conditioning units with high efficiency equipment
- Modernize mechanical, electrical and fire protection systems
- Reconfigure nursing facility bedrooms so each resident has a private bathroom
- Provide energy efficient lighting

- Create neighborhood designs
- Expand and open interior spaces

The 30-bed SCU in the Fitzgerald Health Center was developed in Project I.D.# G-8234-08 and will not be renovated as part of this project. The applicant proposes the addition of four adult care home beds and the relocation of six existing adult care home beds to Asbury Place. No renovation is required at Asbury Place since this building has expansion capacity and the applicant states it plans to add the additional beds to existing adult care home bedrooms to meet the increasing demand for accommodations from couples.

Impact of Adding Independent Living Units

On page 29, the applicant states in order to meet the needs of its residents and provide continuum of care, it tries to balance the number of independent living units, adult care home beds and nursing facility beds at its facility. In 2013, Arbor Acres added 26 independent living units, which in time, will increase the demand for both adult care and nursing facility beds. The applicant states Arbor Acres currently has 268 independent living units and will have a total of 83 nursing facility beds at project completion, which is a ratio of 31% [83 / 268 = 0.31]. The applicant states it compared the proposed ratio at Arbor Acres to the statewide ratio of 35.4% which was calculated using the data reported in the Continuing Care Retirement Communities 2013 Reference Guide [4,069 NF beds / 11,430 independent living units = 0.354]. The applicant states the proposed ratio at Arbor Acres (31%) is consistent with other CCRC's in North Carolina.

On page 30, the applicant states to accomplish the addition of the nursing facility beds to the Fitzgerald Health Center, it is proposing to relocate six adult care home beds to the adjacent Asbury Place. The applicant is also proposing to add four additional adult care home beds in Asbury Place. The applicant states that occupancy of the adult care home beds has been between 95 and 99 percent in recent months. With the previously added independent living units and proposed increase in nursing facility beds, the applicant states additional adult care home beds will be needed at Asbury Place.

Summary of Projected Occupancy and Utilization

On page 32, the applicant provides the quarterly data for 2013 and states the annual occupancy rate for nursing facility beds is 94% percent and the annual occupancy rate for adult care home beds is 98% as shown in the table below.

2013 Arbor Acre Utilization	1 <sup>st</sup> Quarter 01/01-3/31	2 <sup>nd</sup> Quarter 04/01-06/30	3 <sup>rd</sup> Quarter 07/01-09/30	4 <sup>th</sup> Quarter 10/01-12/31	Total 2013 Utilization
<b>Total Nursing Facility Beds</b>					
Patient Days	5,881	5,627	5,482	5,469	22,459
Occupancy Rate	100%	95%	92%	91%	94%
# Beds	65	65	65	65	65
Available Bed Days	5,897	5,915	5,980	5,980	23,772
<b>Adult Care Beds*</b>					

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Patient Days	6,287	6,463	6,522	6,524	25,796
Occupancy Rate	97%	99%	98%	98%	98%
# Beds	72	72	72	72	72
Available Bed Days	6,480	6,552	6,624	6,624	26,280
<b>Special Care Unit (SCU)</b>					
Patient Days	2,661	2,676	2,706	2,654	10,697
Occupancy Rate	99%	98%	98%	98%	98%
# Beds	30	30	30	30	30
Available Bed Days	2,700	2,730	2,760	2,760	10,950
<b>Total Adult Care Beds</b>					
Patient Days	8,948	9,139	9,228	9,178	36,493
Occupancy Rate	97%	98%	98%	98%	98%
# Beds	102	102	102	102	102
Available Bed Days	9,180	9,282	9,384	9,384	37,230
<b>Total Facility</b>					
Patient Days	14,829	14,766	14,710	14,647	58,952
Occupancy Rate	98%	97%	96%	95%	97%
# Beds	167	167	167	167	167
Available Bed Days	15,077	15,197	15,364	15,364	61,002

\* Excluding SCU beds.

On page 25, the applicant states renovation to the facility will total 61,612 square feet. New construction that involves resident rooms and support space will total 2,870 square feet. On page 26, the applicant states it plans to add a coffee shop and expand the dining and activity areas to increase the square footage and improve configurations for residents.

Exhibit 4 contains a letter from Stewart Beason, with Lambert Architecture + Interiors, stating that the physical plant renovations and new construction will be developed in accordance with all requirements as stated in 10A NCAC 13D and 10A NCAC 13F. See Exhibit 9 for the facility plans for the Fitzgerald Health Center renovations and expansion. See Exhibit 10 for the facility plans for Asbury Place.

In Table IV.2, page 46, the applicant provides Arbor Acres' historical utilization of its 65 nursing facility beds and its 102 adult care home beds for the nine months immediately preceding submission of the application, as shown below.

**Historical Utilization**  
**April 1, 2013 through December 31, 2013**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Nursing</b>										
Patient Days	1,910	1,899	1,818	1,848	1,862	1,772	1,828	1,802	1,839	16,578
Occupancy Rate	98%	94%	93%	92%	91%	91%	91%	92%	91%	93%
# of Beds	65	65	65	65	65	65	65	65	65	65
<b>Adult Care</b>										
Patient Days	2,144	2,202	2,117	2,218	2,164	2,140	2,208	2,132	2,184	19,509
Occupancy Rate	99%	99%	98%	99%	97%	99%	99%	99%	98%	99%
# of Beds	72	72	72	72	72	72	72	72	72	72
<b>SCU-Adult Care</b>										
Patient Days	888	909	879	910	917	879	868	856	930	8,036
Occupancy Rate	99%	98%	98%	98%	99%	98%	93%	95%	100%	97%
# of Beds	30	30	30	30	30	30	30	30	30	30
<b>Total Adult Care*</b>										
Patient Days	3,032	3,111	2,996	3,128	3,081	3,019	3,076	2,988	3,114	27,545
Occupancy Rate	99%	98%	98%	99%	97%	99%	97%	98%	98%	98%
# of Beds	102	102	102	102	102	102	102	102	102	102
<b>Total Facility</b>										
Patient Days	4,942	5,010	4,814	4,976	4,943	4,791	4,904	4,790	4,953	44,123
Occupancy Rate	99%	97%	96%	96%	95%	96%	95%	96%	96%	96%
# of Beds	167	167	167	167	167	167	167	167	167	167

\* Total Adult Care = (Adult Care + SCU-Adult Care).

The 2014 SMFP shows a surplus of 89 nursing facility beds and 868 adult care home beds in Forsyth County. However, since the applicant is a CCRC, the need determinations are not applicable to this proposed project because the proposed beds will be used exclusively to meet the needs of persons with whom the facility has continuing care contracts or in cases of a qualifying exception.

Regardless of the occupancy of current facilities providing nursing facility and adult care home beds in Forsyth County, the applicant bases the need for the renovation and new construction on its internal need for additional nursing facility and adult care home beds to serve its current and future CCRC residents.

**Projected Utilization**

In Section IV.2, page 49, the applicant states its expects the proposed nursing facility beds will be occupied quickly during the first month after completion of the project, as residents are transferred internally and new residents are admitted to the CCRC. The applicant states the first quarter occupancy for nursing facility beds is projected to be approximately 90.7% and it expects four admissions per week to the nursing facility as shown in the table below.

<b>Projected Utilization - Year 1 01/01/17 – 12/31/17</b>	<b>1<sup>st</sup> Quarter 01/01-3/31</b>	<b>2<sup>nd</sup> Quarter 04/01-06/30</b>	<b>3<sup>rd</sup> Quarter 07/01-09/30</b>	<b>4<sup>th</sup> Quarter 10/01-12/31</b>	<b>Total 2017 Utilization</b>
<b>Total Nursing Facility Beds</b>					
Patient Days	6,772	7,100	7,178	7,331	28,380
Occupancy Rate	90.7%	94.0%	94.0%	96.0%	93.7%
# of Beds	83	83	83	83	83
Available Bed Days	7,470	7,553	7,636	7,636	30,295

<b>Adult Care Beds*</b>					
Patient Days	6,466	6,778	6,712	6,852	26,808
Occupancy Rate	95%	98%	96%	98%	97%
# of Beds	76	76	76	76	76
Available Bed Days	6,840	6,916	6,992	6,992	27,740
<b>Special Care Unit (SCU)</b>					
Patient Days	2,646	2,621	2,705	2,650	10,621
Occupancy Rate	98%	96%	98%	96%	97%
# of Beds	30	30	30	30	30
Available Bed Days	2,700	2,730	2,760	2,760	10,950
<b>Total Adult Care Beds*</b>					
Patient Days	9,112	9,398	9,417	9,502	37,429
Occupancy Rate	96%	97%	97%	97%	97%
# of Beds	106	106	106	106	106
Available Bed Days	9,540	9,646	9,752	9,752	38,690
<b>Total Facility</b>					
Patient Days	15,844	16,498	16,595	16,832	65,810
Occupancy Rate	93%	96%	95%	97%	95%
# of Beds	189	189	189	189	189
Available Bed Days	17,010	17,199	17,388	17,388	68,985

\* Excluding SCU beds.

\*\* Total Adult Care Beds = (Adult Care Beds + SCU).

As shown in the table above, the applicant projects an occupancy rate of 94% for nursing facility beds at Arbor Acres by the end of the first year following completion of the project. These projected occupancy levels exceed the performance standard in 10A NCAC 14C .1102 *Criteria and Standards for Nursing Facility Services or Adult Care Home Services*.

The applicant also states on page 50, that it expects the four additional adult care home beds to be occupied within the first six weeks of availability due to waiting lists and increasing demand. No changes are projected for the independent living units or the 30-bed SCU.

The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections. Thus, the applicant documents the need for the proposed nursing facility and adult care home beds to meet the internal long-term care needs of current and prospective Arbor Acres residents.

### Access

In Section III.4, pages 37 and 39, the applicant states, consistent with Policy NH-2 and Policy LTC-1, the facility will not be certified to participate in the Medicaid program.

On page 40, the applicant states

*“The project will expand access to the medically underserved in two ways:*

- 1) The project will expand capacity and increase the overall availability of health services to current and future residents. Physical accessibility will be enhanced through renovations and new construction that will be designed to meet or exceed all local, state and federal requirements.*
- 2) Arbor Acres will continue to provide substantial financial assistance to residents. Growth in the endowment fund is projected to keep pace with rising costs and the increased number of residents that will need financial assistance. Arbor Acres feels a moral obligation to prevent residents who expend all of their resources from having to leave Arbor Acres for financial reasons.”*

The applicant adequately demonstrates the extent to which all residents of the service area are likely to have access to the proposed services.

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need the population to be served has for the proposed project and adequately demonstrates the extent to which all residents of the service area will have access to the services. 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.

NA

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

C

In Section III.2, page 34, the applicant discusses the alternatives considered prior to submission of this application, which include:

1. Maintain the status quo – the applicant states this alternative is not as effective for the following reasons

- Demand is expected to exceed capacity due to growth and age of the current CCRC population
  - The expanded independent living unit capacity will create demand for nursing facility and adult care home beds
  - The current facility configuration cannot be adapted to the resident-centered model
  - The building systems need to be replaced to add capacity and reduce repairs and energy costs
  - Current adult care rooms in Asbury Place are licensed as single occupancy and do not meet the demand by couples
2. Construction of a new facility - the applicant states this alternative is not as effective because the capital costs involved in building a separate facility for both the current and proposed nursing facility beds would be significantly higher than the cost of the conversion proposal and would increase costs.
3. Renovation and construction of an addition – the applicant states the most effective alternative is renovating and adding an addition to the Fitzgerald Health Center for the following reasons
- Additional nursing facility and adult care home beds are needed due to the growth and aging of its CCRC community and the increase in independent living units
  - The facility plans are designed to accommodate the “resident –centered life” program to improve quality of life for residents and modernize the facility
  - The renovations include improved layout to promote resident privacy, choice, control, and personalization of immediate surroundings
  - The renovations include enhanced food service capability with expanded dining areas and a new coffee shop
  - The renovations and expansions will increase staff efficiency and will eliminate the need to transport residents, food, and supplies between separate buildings
  - The renovations will provide an improved physical environment that is more energy efficient with a better building system capacity which will extend the life of the Fitzgerald Health Center

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that its proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

- 1 Arbor Acres United Methodist Retirement Community, Inc. shall materially comply with all representations made in its certificate of need application.**

- 2. Arbor Acres United Methodist Retirement Community, Inc. shall add no more than 18 nursing facility beds and four adult care home beds pursuant to Policies NH-2 and LTC-1, respectively.**
- 3. The 18 additional nursing facility beds shall not be certified for participation in the Medicaid program.**
- 4. The 18 additional nursing facility beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 5. The four additional adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 6. The four additional adult care home beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing or adult care unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 7. The 18 new nursing facility beds and 4 new adult care home beds shall be developed on the same site with the independent living units.**
- 8. Arbor Acres United Methodist Retirement Community, Inc. shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.**
- 9. Arbor Acres United Methodist Retirement Community, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the**

**Certificate of Need Section in writing prior to issuance of the of the certificate of need.**

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

C

In Section VIII.1, page 75, the applicant projects the total capital cost of the project will be \$10,000,000 as shown in the table below.

Site Costs	\$100,000
Construction Costs	\$8,050,000
Miscellaneous Project Costs*	\$1,850,000
<b>Total Capital Cost</b>	<b>\$10,000,000</b>

\* Includes architect and engineering fees plus equipment and furniture.

Exhibit 4 contains a letter from the architect which documents the addition and renovations will conform to all requirements as stated in 10A NCAC 13D or 10A NCAC 13F.

In Section IX.1-4, pages 79-80, the applicant states there will be no start-up or initial operating expenses required for the project since this project is the expansion of an existing facility and will be operated as an extension of the existing services. The applicant states revenues will continue to exceed expenses through the construction process and initial project years.

Exhibit 16 contains a letter dated March 11, 2014 from the President/CEO of Arbor Acres which states

*“... The total capital cost for the project is budgeted at \$10,000,000. As seen in the attached letter, BB&T has expressed willingness to consider a loan in the full amount of \$10,000,000. Arbor Acres plans to finance \$7,000,000 through BB&T and fund the remaining \$3,000,000 through a capital campaign.*

*... The decision to conduct a capital campaign for this amount was approved by the Arbor Acres Board of Directors on February 25, 2014 and was supported by several factors:*

- A market survey was conducted by Whitney Jones, Inc. (a professional fund raising firm) to assess the feasibility of a capital campaign in the near future. The survey results support a campaign goal of \$3,000,000.*

- *Previous donors and current residents were interviewed regarding their willingness to support the proposed project.*
- *Arbor Acres' capital campaign in 2009 set a goal of \$2,000,000 and the total amount raised was 2.4 million. This was achieved during the worst of economic times.*

*Arbor Acres currently holds an A- rating by Fitch based on the positive financial performance of the organization and the strength of its financial reserves. ...”*

Exhibit 17 contains the financial statements for Arbor Acres United Methodist Retirement Community, Inc. for the years ending December 31, 2013 and 2012. As of December 31, 2013, the applicant reported cash in the amount of \$523,889 and total unrestricted net assets of \$33,884,901 (total assets – total liabilities). In Exhibit 16, the President/CEO indicates Arbor Acres has a total of \$8.1 million in cash and cash equivalents and investments available to provide for ongoing operational costs and funding projects as directed by the Board. The applicant adequately demonstrates the availability of funds for the capital needs of the project.

In Section X, pages 87-88 and the pro formas, Arbor Acres proposes the following revenues and operating expenses.

<b>Adult Care Home Beds Excluding Special Care Units</b>	<b>Project Year 1 01/01/17 - 12/31/17</b>	<b>Project Year 2 01/01/18 - 12/31/18</b>
Projected # of Patient Days	26,808	26,909
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$220	\$229
Gross Patient Revenue	\$5,897,760	\$6,162,161
Deductions from Gross Patient Revenue	0	0
Total Expenses	\$6,626,343	\$6,780,588
Net Income*	\$(728,583)	\$(618,427)
<b>Special Care Unit Adult Care Home Beds</b>	<b>Project Year 1 01/01/17 - 12/31/17</b>	<b>Project Year 2 01/01/18 - 12/31/18</b>
Projected # of Patient Days	10,621	10,621
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$303	\$315
Gross Patient Revenue	\$3,218,163	\$3,345,615
Deductions from Gross Patient Revenue	0	0
Total Expenses	\$2,842,559	\$2,531,514
Net Income*	\$375,604	\$814,101
<b>Nursing Facility Beds</b>	<b>Project Year 1 01/01/17 - 12/31/17</b>	<b>Project Year 2 01/01/18 - 12/31/18</b>
Projected # of Patient Days	28,380	28,781
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$303	\$315
Gross Patient Revenue	\$8,599,140	\$9,066,015
Deductions from Gross Patient Revenue	0	0
Total Expenses	\$7,913,8363	\$8,036,413
Net Income*	\$685,304	\$1,029,602
<b>Total Licensed Beds</b>	<b>Project Year 1 01/01/17 - 12/31/17</b>	<b>Project Year 2 01/01/18 - 12/31/18</b>
Projected # of Patient Days	65,809	66,311
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$269	\$280
Gross Patient Revenue	\$17,715,063	\$18,573,791
Deductions from Gross Patient Revenue	0	0
Total Expenses	\$17,233,880	\$17,348,515
Net Income*	\$481,183	\$1,225,276

\* In Section X, page 86, the applicant indicates the charges and rates reflect projected annual increases.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section X, pages 87-91 and the pro formas for the assumptions regarding costs and charges. See Criterion (3) for discussion regarding projected utilization which is incorporated hereby as if set forth fully herein. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon

reasonable projections of costs and charges, and therefore, the application is conforming to 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.

C

The applicant proposes to expand and renovate its facility to add 18 nursing facility beds and 4 adult care home beds, for a total of 83 nursing facility beds and 106 adult care home beds at project completion. In Section III, pages 36 and 38, the applicant states that the 18 nursing facility beds and the 4 adult care home beds will be available exclusively to persons with a continuing care contract with Arbor Acres, pursuant to Policies NH-2 and LTC-1, respectively. Furthermore, the applicant adequately demonstrates the need the population to be served has for 18 nursing facility beds and 4 adult care home beds. See Criterion (3) for discussion of the need for the proposed beds which is incorporated hereby as if set forth fully herein. Consequently, the applicant adequately demonstrates that the proposed project will not unnecessarily duplicate existing or approved health service capabilities or facilities. Therefore, 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.

C

In Section VII.2, page 66, the applicant propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. (Please note: In the application on page 66, the LPNs and Aides columns for the night shift indicated 0 staff, however the Total Nursing row indicates these positions are staffed. Additionally, the summary chart totals on page 67 indicates the LPN and Aide positions are staffed.)

**Direct Care Staff per Shift in PY 2**

	<b>RNs</b>	<b>LPNs</b>	<b>Aides</b>	<b>Total</b>
<b>Day Shift</b>				
Nursing Unit	2.24	5.64	10.37	18.25
Adult Care Home Unit	1.45	1.20	11.68	14.33
SCU	0.57	1.99	2.27	4.83
<b>Total Direct Care - Day Shift</b>	<b>4.26</b>	<b>8.83</b>	<b>24.32</b>	<b>37.41</b>
<b>Evening Shift</b>				
Nursing Unit	1.68	4.23	7.78	13.68
Adult Care Home Unit	1.09	0.90	8.76	10.74
SCU	0.43	1.49	1.70	3.63
<b>Total Direct Care - Evening Shift</b>	<b>3.20</b>	<b>6.62</b>	<b>18.24</b>	<b>28.06</b>
<b>Night Shift</b>				
Nursing Unit	1.68	4.23	7.78	13.68
Adult Care Home Unit	1.09	0.90	8.76	10.74
SCU	0.43	1.49	1.70	3.63
<b>Total Direct Care - Night Shift</b>	<b>3.20</b>	<b>6.62</b>	<b>18.24</b>	<b>28.06</b>
<b>Total for the Day</b>				
Nursing Unit	5.60	14.10	25.92	45.62
Adult Care Home Unit	3.63	2.99	29.20	35.81
SCU	1.42	4.98	5.68	12.08
<b>TOTAL Direct Care Staff</b>	<b>10.64</b>	<b>22.07</b>	<b>60.80</b>	<b>93.51</b>

Totals may not foot due to rounding.

In Section VII.2, page 66, the applicant states the RN nurse managers are included as RN direct care staff since they perform direct patient care and provide coverage as needed. The applicant also states the RN and LPN positions in the above chart are multiplied by 1.4 and the Nurse Aides (Resident Assistances/Med Techs) are multiplied by 1.25 to calculate the number of full-time positions shown in Section VII.3, pages 69-70 and the following table.

**Direct Care Staff Converted to FTEs**

<b>Second Full Federal Fiscal Year of Operation Fiscal Year 2018 (01/1/2018 – 12/31/2018)</b>	<b>FTE Positions</b>
<b>Nursing Facility</b>	
RN	3.84
Nurse Managers	4.00
LPN	19.74
Aides	32.40
Total	59.98
<b>Adult Care Home (excluding SCU)</b>	
RN	1.48
Nurse Managers	3.60
LPN	4.19
Aides	36.50
Total	41.16 [45.78]*
<b>Adult Care Home SCU</b>	
RN	0.59
Nurse Manager	1.40
LPN	6.98
Aides	7.10
Total	14.67 [16.05]*
<b>Total Direct Care Staff (including SCUs)</b>	
RN	5.90
Nurse Manager	9.00
LPN	30.90
Aides	76.00
Total	168.63 [121.8]*

Source: Section VII.3, pages 69-70 of the application.

\* Values in brackets are the analyst corrected values.

Adequate costs for the direct care nursing positions proposed by the applicant in Sections II.2, II.4 and VII.3 are budgeted in the pro forma financial statements. The table below shows the applicant's proposed direct care nursing staff and total direct care hours per patient day.

**Direct Care Hours per Patient Day PY2**

<b>Nursing Facility</b>	
FTEs *	59.98
Direct care hours (DCH) per year per FTE	2,080
Direct care hours per year (FTEs x DCH per year)	124,748
Patient days per year**	28,781
Direct care hours per patient day (DCH/Patient Days)	4.33
<b>Adult Care Home (including SCU)</b>	
FTEs*	61.83
Direct Care hours per year per FTE	2,080
Direct care hours per year (FTEs x DCH per year)	128,606
Patient days per year**	37,530
Direct care hours per patient day (DCH/Patient Days)	3.42
<b>Total</b>	
FTEs*	121.8
Direct Care hours per year per FTE	2,080
Direct care hours per year(FTEs x DCH per year)	253,344
Patient days per year**	66,311
Direct care hours per patient day (DCH/Patient Days)	3.82

Source: Table VII.4, page 72.

\* Direct Care Staff (RNs, RN Nurse Managers, LPNs, & Aides) from Table VII.3, pages 69-70 of the application.

\*\* From Table IV.2, pages 51-52 of the application.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. See Exhibit 7. 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.

C

In Section II.4, page 21, the applicant lists the ancillary and support services and the proposed providers of each service. Exhibits 8 contains agreements for the provision of therapy and pharmacy services for Arbor Acre residents. In Section V.2, page 56, the applicant states they have transfer agreements with Novant Health Forsyth Medical Center (FMC) and Wake Forest University/Baptist Medical Center. See Exhibit 12 for a copy of the transfer agreement with FMC. The applicant adequately demonstrates it will provide or make arrangements for the necessary ancillary and

support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

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

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates:

- (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and

NA

- (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner, which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner, which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

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

C

In Section XI, page 95, the applicant proposes to renovate 61,612 square feet and construct a 2,870 square foot addition to the Fitzgerald Health Center for a total of 69,299 square feet at the Fitzgerald Health Center upon project completion. Since this project involves the renovation and expansion of an existing CCRC, the applicant states, on page 100, no additional land will need to be purchased and site development costs are minimized. Exhibit 14 contains a letter from architect, Stewart Beason, of Lambert Architecture + Interiors, which documents construction costs for renovations, new construction and related capital costs consistent with the capital cost projections in Section VIII.1, page 75 of the application. The letter from the architect states “*construction cost for the renovations, new construction and related capital costs at the Arbor Acres Fitzgerald Health Center totals \$10,000,000.*”

In Section XI.13, page 100, the applicant describes the cost, design, and improved energy efficiency factors that were considered in the development of the construction estimate. In Section XI.14, pages 100-101, the applicant states that applicable energy savings features will be incorporated into the renovations, facility expansion, and replacement of the buildings’ mechanical, electrical, and plumbing systems.

The applicant adequately demonstrates 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 nursing facility or adult care home services. See Criterion (5) for discussion of costs and charges which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to 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;

NA

Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have

lived at Arbor Acres for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

- (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;

NA

Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Arbor Acres for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

- (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

NA

Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Arbor Acres for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

- (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.

NA

Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Arbor Acres for at least 30 days. The policy also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

- (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 13 contain agreements between Arbor Acres and Forsyth Technical Community College for Arbor Acres to serve as a clinical training site for the college's nursing assistant programs. The applicant demonstrates that the proposed health services will accommodate the clinical needs of health professional training programs in the service area. Therefore, 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.

NA

Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds require the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and whom have lived at Arbor Acres for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

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

C

In Section II.6, page 23, the applicant indicates Arbor Acres has experienced no adverse events as described in this section. Additionally, in Section I.12, page 8, the applicant indicates none of the licensed beds are certified for Medicare or Medicaid.

According to the Nursing Home Licensure and Certification Section, DSHR, there were no incidents of licensure penalties, suspension of admission, provisional licensure or substantiated complaints since September 17, 2012. The applicants have provided evidence that quality care has been provided in the past. Therefore, the application is conforming to 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 promulgated in 10A NCAC 14C .1100, as indicated below.

**SECTION .1100 - CRITERIA AND STANDARDS FOR NURSING FACILITY SERVICES or ADULT CARE HOME SERVICES**

**10A NCAC 14C .1101 INFORMATION REQUIRED OF APPLICANT**

- .1101(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.*
- C- Arbor Acres provides the assumptions and projects the first twelve quarters of occupancy levels in Section IV.2, pages 49-52. Exhibit 5 also includes occupancy data.
- .1101(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.*

- C- The applicant projects patient origin by county of residence and provides the assumptions and methodologies used to make the projections in Sections III.9, page 44 of the application.
- .1101(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.*
- C- In Section II.1, page 10, the applicant states that, as a CCRC, all of the patients are residents of Arbor Acres in Forsyth County, and live within a 45 miles radius of the proposed facility.
- .1101(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 applicant does not propose to establish a new nursing facility.
- .1101(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 applicant does not propose to establish a new nursing facility.
- .1101(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.*
- C- The applicant states in Section II, page 11 (confirmed by letter from architect in Exhibit 4) that the proposed facility will conform with all requirements as stated in 10A NCAC 13F.

**10A NCAC 14C .1102 PERFORMANCE STANDARDS**

- .1102(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 Section IV, page 46, the applicant demonstrates the average occupancy from April 1, 2013 through December 31, 2013 exceeded 90 percent.
- .1102(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 Section IV, pages 49-52, the applicant projects at least 90 percent occupancy in each of the first three years following completion of the proposed project, for the total number of nursing facility beds it proposes to operate.
- .1102(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.*
- C- In Section IV, page 46, the applicant demonstrates the average occupancy from April 1, 2013 through December 31, 2013 exceeded 85 percent.
- .1102(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. Look for missing words*

- C- In Section IV, pages 49-52, the applicant projects at least 85 percent occupancy in each of the first three years following completion of the proposed project, for the total number of adult care home beds it proposes to operate.