

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: September 26, 2014
PROJECT ANALYST: Bernetta Thorne-Williams
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: P-10306-14 /Wayne Health Investors, LLC (Lessor) and Wayne AL Holdings, LLC (Lessee) /Construct a 104-bed replacement adult care home /Wayne 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, ambulatory surgical operating rooms, or home health offices that may be approved.

C

The applicants, Wayne Health Investors, LLC (Lessor) and Wayne AL Holdings, LLC (Lessee) propose to construct a 104-bed replacement adult care home on New Hare Drive in Goldsboro (Wayne County) this is a proposed new subdivision, as such Google Map was unable to locate its exact location. However, a site aerial map of the area indicates that Hare Drive is the closest recognizable street to the proposed site which is approximately 22.3 miles, (according to Google Map¹), from the current non-operational facility which is located at 600 Smith Chapel Road in Mount Olive (Wayne County). The applicants propose to construct a 38,770 square foot facility to replace Waylin Life Care Center and to change the name to Wayne Assisted Living. The applicants report the management company for the proposed replacement facility will be Meridian Senior Living. The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2014 State Medical Facilities Plan (SMFP). However, Policy LTC-2: Relocation of Adult Care Home

¹ Google Maps <https://maps.google.com/maps>

Beds and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, of the 2014 SMFP are applicable to this review.

Policy LTC-2: Relocation of Adult Care Home Beds states:

“Relocations of existing licensed adult care home beds are allowed only within the host county and to contiguous counties currently served by the facility. Certificate of need applicants proposing to relocate licensed adult care home beds to contiguous counties shall:

- 1. Demonstrate that the proposal shall not result in a deficit in the number of licensed adult home 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 adult care 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.”*

Waylin Life Care Center and the proposed Wayne Assisted Living are both located in Wayne County. Therefore, the inventory of ACH beds will not be changed as a result of the proposal to construct a new ACH and relocate the existing 104-beds from Waylin Life Care Center to Wayne Assisted Living within the same county. Therefore, the application is consistent with Policy LTC-2.

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

“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 improving 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 resident or resident health, safety or infection control."

In Section X.9 page 39, the applicants describe the measures that will be used to promote energy efficient operations and water conservation which include: dual pane windows, the most up-to-date insulation materials, modern HVAC units, and a tankless water heater system. The applicants adequately demonstrate the proposal includes a plan to assure improved energy efficiency and water conservation.

In summary, the applicants adequately demonstrated the proposed application is consistent with Policy LTC-2 and with Policy GEN-4 and is therefore conforming to this criterion subject to condition # 6 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

The applicants, Wayne Health Investors, LLC and Wayne AL Holdings, LLC propose to construct a 104-bed replacement adult care home in Wayne County. The applicants propose to construct a 38,770 square foot new facility to replace Waylin Life Care Center. Waylin Life Care Center does not currently have any residents and the facility is closed. Waylin Life Care Center was not approved for Special Care Unit (SCU) beds and thus all beds were identified as general Adult Care Home (ACH) beds. The applicants propose in this application to maintain the 104- beds with 50 of those beds being private and 54 being semi-private beds.

Population to be Served

In Section III.7(b), page 15, the applicants project that 100% of its resident population will be from Wayne County residents. The applicants further state on page 15:

"Projected resident origin will be different from existing resident origin only because the facility is not open, and therefore has no current resident origin. The projected resident origin of 100% from Wayne County is reasonable given the central location within Wayne County. The replacement facility will be within a short drive for a majority of the residents of Wayne County."

The applicants adequately identify the population it proposes to serve.

Need for the Proposed Project

In Section III, page 12, the applicants state the need to construct a new 104-bed replacement adult care home in Wayne County is based on the current facility being old and lacking systems that would improve quality of care and increase efficiency. The current facility is not protected by a sprinkler system, does not have the necessary insulation to make it energy efficient and has insufficient lightening to conduct quality care. In Section II.1, page 7, the applicants state the proposed facility will create a homelike setting within the community for its residents. The applicants state the design of the facility will:

- *“Promote greater social interaction;*
- *Provide a more secure, supportive atmosphere;*
- *Allow for greater, individualized care each resident; and*
- *Enhance the overall quality of life for all residents.”*

The applicants further state on page 7, that Wayne Assisted Living will provide a comprehensive range of long term care to its residents in accordance with all rules governing the licensure of adult care homes.

Additionally, in supplemental information, the applicants state the need to relocate the facility from Mt. Olive to Goldsboro is based on the following:

“Relocation of the facility from Mt. Olive to Goldsboro will provide better access to quality care. The proposed location of the facility is in close proximity to a hospital, to medical providers and pharmacies all of which are important to families and referring agencies. The proposed new location is more centralized than the former location thus providing better access to quality health care services for the medically underserved.”

In Exhibit I, the applicants provide a letter dated June 2, 2014, from the Director of Wayne County Department of Social Services. The letter states, in part:

“The closing of Waylin Life Care Center has diminished the inventory of available licensed Adult Care Home beds in Wayne County. This shortage of beds is making it difficult to locate placements for those needing an Adult Care Home in Wayne County. It has become necessary for Wayne County residents to have to be placed out of the county thus creating additional hardships for these residents and their families.”

Additionally, there are letters of support dated June 9, 2014, from the Director of Eastern Carolina Council on Aging and June 6, 2014 from the President and CEO of Wayne Memorial Hospital which support the statement made by the Director of the Department of Social Services of the need for the 104 ACH beds that operated at Waylin Life Care Center, in Mt. Olive. The applicants adequately demonstrate a need to replace and relocate the existing ACH facility.

Projected Utilization

In Section IV.2, page 17, the applicants provide the projected utilization for the proposed 104-bed replacement adult care home for the first two years following completion of the project, as illustrated in the table below.

Wayne Assisted Living Project Utilization First (10/1/2016 – 9/30/2017) & Second(10/1/2017 – 9/30/2018) Full Federal Fiscal Years		
Year	Total Facility Days of Care All Beds	Facility Occupancy Rate
FFY 2017	19,415	51.1%
FFY 2018	35,251	92.9%

Source: Applicant's application page 17

The applicants project 92.9% utilization in the second year of operations for the proposed replacement ACH. In Exhibit F, the applicants provide the data for the 50+ population in Wayne County as provided by ESRI. In supplemental information the applicants state:

“Exhibit ‘F’... identifies an upward trend in 65+ populations from 2010-2017. Additionally, the percentage of aged adults is trending upward as identified by the 2017 population projection (approximately 15%). As a result of these trends, there will be a continuing need for quality health services.”

The applicants assumptions regarding utilization can be found in Exhibit L. The applicants' assumptions are as follows:

“Occupancy

- A) Facility begins operations with 10 ACH reserved beds on October 1, 2016*
- B) Fill-up at the rate of 8 residents per month until ACH fills*
- C) No SCU*
- D) ACH considered full at 93% in Second Month of the Second Year (November 2017)”*

Additionally in Exhibit L, page 4, the applicants provide the following information for its fill-up rate for operating years 1 and 2, as summarized in the tables below.

Projected Fill-up Rate and Utilization Rate Table Year One

	Oct 16	Nov 16	Dec.16	Jan 17	Feb 17	Mar 17
# of Beds	104	104	104	104	104	104
Projected # of Residents	10	18	26	34	42	50
% of Occupancy	10%	17%	25%	33%	40%	48%
	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sept 17
# of Beds	104	104	104	104	104	104
Projected # of Residents	58	66	74	82	87	91
% of Occupancy	56%	63%	71%	79%	84%	88%

Projected Fill-up Rate and Utilization Rate Table Year Two

	Oct 17	Nov 17	Dec.17	Jan 18	Feb 18	Mar 18
# of Beds	104	104	104	104	104	104
Projected # of Residents	95	97	97	97	97	97
% of Occupancy	91%	93%	93%	93%	93%	93%
	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sept 18
# of Beds	104	104	104	104	104	104
Projected # of Residents	97	97	97	97	97	97
% of Occupancy	93%	93%	93%	93%	93%	93%

As demonstrated in the tables above, the applicants project to have 10 residents within the first month of operations. Then the applicants project a fill-up of eight residents per month from the second operational month (November 2016) through the tenth month of operations (July 2017). The applicants project a slow-down in admissions with five residents being admitted in August 2017 and four residents being admitted in September and October with the facility retaining a consistent 93% utilization from November 2017 throughout the end of the second operating year.

In supplemental information, the applicants state:

“The fill-up rate of 8 residents per month is based on the capability of Meridian Senior Living and the experience of its management and marketing team in the opening of more than twenty (20) assisted living facilities in North Carolina.”

The applicants adequately demonstrate the need to replace and relocate the 104-bed ACH formerly known as Waylin Life Care Center, with a new facility designed and equipped to serve the aging population of Wayne County.

Access

In Exhibit L, the applicants state that 40.0% of its projected residents will receive State/County Special Assistance. In Section VI.2, page 22, the applicants state, “[A]ll persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. ...”

Thus, the applicants demonstrate that the underserved population will have access to services at Wayne Assisted Living.

In summary, the applicants adequately identify the population to be served, and adequately demonstrate the need to relocate and replace the existing 104-bed adult care home. Therefore, this application is conforming to 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.

C

The applicants propose to relocate 104 licensed, but not currently operational, ACH beds from the former Waylin Life Care Center, in Mt. Olive to the new Wayne Assisted Living, in Goldsboro, both of which are located in Wayne County. According to Google Maps the proposed new replacement ACH would be located 22.3 miles from the existing facility. Therefore, the replacement facility would be geographically accessible to the same population previously served at Waylin Life Care Center. The applicants state in Section III.6(c), page 14, that because the facility is closed and not currently serving residents due to its condition, no residents will be impacted by its relocation. The facility has been closed since approximately December 2013.

- (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.

CA

In Section III.3, pages 12-13, the applicants describe the only alternative other than maintaining the status quo that they considered. The applicants propose to construct a new ACH within the same county. The applicants do not propose to add additional beds.

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

The applicants adequately demonstrate that the proposed alternative is its most effective or least costly alternative to meet the need to provide ACH beds/services in Wayne County. The application is conforming to this criterion and approved subject to the following conditions.

- 1. Wayne Health Investors, LLC and Wayne AL Holdings, LLC shall materially comply with all representations made in the certificate of need application and in supplemental information provided. In those instances where representation conflict, Wayne Health Investors, LLC and Wayne AL Holdings, LLC, shall materially comply with the last made representations**
- 2. Wayne Health Investors, LLC and Wayne AL Holdings, LLC shall construct a replacement adult care home which shall be licensed for no more than 104 adult care beds upon the completion of the proposed project.**
- 3. For the first two years of operation following completion of the project, Wayne Health Investors, LLC and Wayne AL Holdings, LLC of North Carolina, Inc. shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section IX of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations made in the certificate of need application.**
- 4. Wayne Health Investors, LLC and Wayne AL Holdings, LLC shall provide care to State/County Special Assistance patients with Basic Medicaid for the facility commensurate with their representations in Section VI.2, Exhibit L and supplemental materials.**
- 5. Wayne Health Investors, LLC and Wayne AL Holdings, LLC shall submit all patient charges and patient admissions for each source of patient payment to the CON Section at year end for each of the first three operating years following licensure of the beds in the facility.**

6. **Wayne Health Investors, LLC and Wayne AL Holdings, LLC, shall submit a plan of energy efficiency and water conservation to the Construction Section, DHSR, that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation.**
 7. **Wayne Health Investors, LLC and Wayne AL Holdings, LLC, 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 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 30, the applicants project the total capital cost of the project will be \$6,344,045 which includes \$1,490,700 in site costs, \$3,624,995 for construction, \$505,000 for equipment and furniture, \$165,000 in architect and engineering costs, \$30,000 in Certificate of Need preparation, \$10,000 in legal fees, \$29,850 for plan review, \$100,000 in financing costs, \$238,500 for interest during construction, and \$150,000 for other (contingency). In Section VIII.2, page 32, the applicants state that the capital costs of the project will be financed by a commercial loan. Exhibit N contains a letter dated June 12, 2014 from a Principal of Stirling Realty Advisors, which states:

“Stirling Capital Advisors, LLC (“Stirling”) hereby expresses its interest in providing construction and permanent financing for your proposed new facility in Wayne County. Through our longstanding relationships with affiliated entities of Wayne Health Investors, LLC and Wayne AL Holdings, LLC, whereby we have previously funded all costs associated with several like projects. Stirling is comfortable with and is eager for the opportunity to fund 100% of the Wayne Assisted Living project.

The following is a summary of the terms and conditions that would apply to this transaction:

Borrower: Wayne Health Investors, LLC

Purpose: To provide 100% financing for the development, construction, and permanent financing of a 104 bed Adult Care Facility in Goldsboro, Wayne County, NC

Amount: \$6,344,045

Interest Rate: 10.00%

Term/

Repayment: 60 monthly payments of principal and interest based on a twenty-five year amortization, with all accrued interest and principal due at maturity.

Collateral: Senior Dead of Trust on the proposed facility, located on property selected in Goldsboro, Wayne County, NC

...”

In Exhibit P, the applicants project start-up expenses of \$135,500 and initial operating expenses of \$430,134 for a total working capital of 565,634. Exhibit P also contains a letter dated June 10, 2014 from the Principal of Stirling Realty Advisors, which states:

“Stirling Capital Advisors, LLC (“Stirling”) hereby expresses its interest in providing working capital financing for your proposed new facility in Wayne County. Through our longstanding relationships with affiliated entities of Wayne Health Investors, LLC and Wayne AL Holdings, LLC, whereby we have previously funded all costs associated with several like projects, Stirling is comfortable with and is eager for the opportunity to fund 100% of the Wayne Assisted Living project.

The following is a summary of the terms and conditions that would apply to this transaction:

Borrower: Wayne AL Holdings, LLC

Purpose: To provide working capital financing inclusive of initial operating costs as well as start-up expenses for [sic] 104 bed Adult Care Facility in Goldsboro, Wayne County, NC

Amount: \$565,634

Interest Rate: 12.00%

Term/

Repayment: Interest Only for 60 month term. All accrued interest and principal due at maturity.

Collateral: Senior Lien on Accounts Receivable

...”

The applicants document the availability of adequate funds to develop the proposed project. The table below reflects per diem reimbursement rates provided by the applicants in Exhibit L, and Tables IX.3A and IX.3B, page 35, of the application for FFY 2017 and FFY 2018, as shown in the table below.

Wayne Assisted Living Projected Per Diem Reimbursement FFY 2017		
<i>Payor Source</i>	Private Room	Semi-Private Room
ACH Services		
Private Pay	\$110.00	\$93.33
State/County Special Assistance	\$71.79	\$71.79

Wayne Assisted Living Projected Per Diem Reimbursement FFY 2018		
<i>Payor Source</i>	Private Room	Semi-Private Room
ACH Services		
Private Pay	\$110.00	\$93.33
State/County Special Assistance	\$71.79	\$71.79

In Section X, page 39, the applicants state the proposed new facility will consist of 50 private beds and 54 semi-private beds. In the projected revenue and expense statement (Form B), the applicants project operating expenses will exceed revenues in operating year one (FFY 2017). However, the applicants project that by operating year two (FFY 2018) revenues will exceed operating expenses.

The assumptions used by the applicants in preparation of the pro formas are reasonable including projected utilization, costs and charges. See Exhibit L for the applicants' assumptions. See Criterion (3) for discussion of utilization projections which is incorporated hereby as if set forth fully herein. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. 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.

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The applicants, Wayne Health Investors, LLC and Wayne AL Holdings, LLC propose to replace and relocate 104 existing, non-operational adult care beds, in Wayne County. Waylin Life Care Center changed ownership in 2012 and according to information obtained from the Adult Care Home Licensure and Certification Section, of the Division of Health Service Regulation the last resident was discharged in December 2013.

The 2014 SMFP reports a surplus of 303 ACH beds in Wayne County. According to the Adult Care Licensure Section of the Division of Health Service Regulation, there are 14 licensed adult

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care homes in Wayne County with a total of 745 ACH beds. Of these Wayne County facilities, eight are located in Goldsboro with a total of 490 ACH beds, three are located in Fremont with a total of 74 beds, with one each located in Pikeville (40 beds), LaGrange (37 beds), and Mt. Olive (104 beds Waylin Life Care Center). Those 14 facilities and their utilization rates are summarized in the table below.

Facility	City	Total Number of Beds	Occupancy Rate FFY 2013	Distance to Proposed Facility	Age of ** Facility
Countryside Village	Pikeville	40	80.0%	6.4 miles	17 years
Emeritus at The Pines of Goldsboro	Goldsboro	104	91.3%	2.8miles	17 years
Fremont Rest Center	Fremont	50	90.0%	15.0 miles	17 years
Goldsboro Assisted Living & Alzheimer's Care	Goldsboro	56	83.9%	3.1 miles	17 years
LaGrange Gardens Assisted Living	LaGrange	37	72.9%	11.4 miles	32 years
Renu Life Extended	Goldsboro	37	59.4%	2.1 miles	13 years
Somerset Court of Goldsboro	Goldsboro	60	95.0%	2.9 miles	17 years
Sterling House of Goldsboro	Goldsboro	60	65.0%	2.2 miles	17 years
Sutton's Retirement Center	Goldsboro	40	77.5%	22.3 miles	17 years
*Waylin Life Care Center	Mt. Olive	104	61.5%	22.3 miles	17 years
Wayne County Rest Villa No. 1	Fremont	12	91.7%	15.0 miles	32 years
Wayne County Rest Villa No. 2	Fremont	12	100.0%	15.0 miles	33 years
Woodard Care	Goldsboro	73	65.7%	8.9 miles	24 years
Woodard's Retirement Village	Goldsboro	60	58.3%	3.8 miles	29 years
Total		745	75.8% (w/ Waylin Life Care Center)		Average age: 21 years
			78.2% (w/o Waylin Life Care Center)		

Source: 2014 SMFP, 2014 Adult Care Home License Renewal Applications and Adult Care Licensure and Certification Section data as posted on their webpage.

*Indicates the existing 104-bed ACH proposed in this application

**Data as reported in the Long Term Care Safety Initiative database, as of September 2014

As shown in the table above, the Wayne County average occupancy for ACH beds in FFY 2013 was 75.8%, including Waylin Life Care Center and 78.2% excluding Waylin Life Care Center. Seven of the Wayne County facilities operated with a utilization rate of 80% or higher. Three of those facilities, Emeritus at the Pines of Goldsboro (91.3%), Goldsboro Assisted Living and Alzheimer's Care (83.9%), and Somerset Court of Goldsboro (95.0%) are located Goldsboro

which is where applicants propose to relocate the existing 104-bed adult care home. The remaining five adult care homes within Goldsboro operated with a utilization rate of 58.3% to 77.5%. As of July 31, 2013, prior to its closing, Waylin Life Care Center had a 61.5% utilization rate.

The address of the existing ACH is 600 Smith Chapel Road. The applicants propose to relocate the facility to New Hare Drive, which will be a new subdivision in Goldsboro. According to Google Maps, New Hare Drive will be off of Hare Drive, which is the closest recognizable street to use for the purposes of gauging the distance between the existing ACH and the proposed location. Thus, according to Google Maps² the proposed new replacement ACH would be located 22.3 miles from the existing facility.

The proposed replacement facility is projected to be located within 2.1 miles of Renue Life Extended (59.4% utilization rate), 2.2 miles from Sterling House of Goldsboro (65% utilization rate), 3.8 miles from Woodard's Retirement Village (58.3% utilization rate), and 8.9 miles from Woodard Care (65.7% utilization rate). The age of the facility at Woodard Care and at Woodard's Retirement Village is 24 and 29 years, respectively.

The applicants do not propose to develop new ACH beds, but rather to replace an old ACH facility and relocate its existing 104 beds. There will be no increase in the number of ACH beds in Wayne County. See Criterion (3) for discussion. Consequently, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of ACH services or facilities in Wayne County. Therefore, the application is conforming to 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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The facility is currently closed, therefore there are no staff currently employed at Wayne Assisted Living.

In supplemental information, the applicants provide a staffing chart for the second full federal fiscal year, as illustrated in the table below.

**Wayne Assisted Living Proposed
Staffing Chart Second FFY 2018**

	Adult Care Home Beds FTEs
Routine Services	

² Google Maps <https://maps.google.com>

Supervisor (1/2 Direct Care)	3.00
Personal Care Aide	21.00
Med Tech (Direct Care)	5.00
Care Coordinator	1.00
Total	30.00
Dietary	
Supervisor	2.00
Cooks	2.50
Dietary Aides	3.00
Total	7.50
Activity Services	
Director	1.00
Total	1.00
Patient Transportation	
Driver	1.00
Total	1.00
Housekeeping/Laundry	
Housekeeping Aides	3.00
Total	3.00
Operations & Maintenance	
Maintenance Supervisor*	0.50
Janitors	1.00
Total	1.50
Admin & General	
Administrator	1.00
Business Office Manager	1.00
Receptionist	1.50
Total	3.50
Total All Positions	47.50

Considered Direct Care staff: 1.50 Supervisor (1/2 of 3.00 positions); 21.00 personal care aides; and 5.00 Med Tech Staff. Total Direct Care Staff = 27.50.

The applicants project 57,200 annual direct care staff hours (27.50 direct care staff x 2,080 annual hours = 57,200) for the ACH beds. Based on the supplemented data provided by the applicants and illustrated in the table above, the applicants project residents will receive 1.6 (57,200 direct care staff hours/35,251 number of projected resident days for FFY2 = 1.6) direct care hours per resident per day.

Adequate cost for the health manpower and management positions proposed by the applicants are budgeted in the Pro Forma financial statements. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to 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.1, pages 7-9, the applicants describe the ancillary and support services that will be provided by the facility or made available through agreements with other providers. Exhibit I of the application contains letters of support from Wayne County Department of Social Services and Eastern Carolina Council on Aging. Exhibit J contains a letter from the President and CEO of Wayne Memorial Hospital in support of the proposed project. Additionally, Exhibit K contains a letter of support from Dr. Meyer, Family Medicine. Exhibit X contain service agreement letters from Dawn McKenzie-Clark, RN agreeing to provide RN consultant services, from Sysco Charlotte, LLC agreeing to provide dietary consultation, and Stanley Lab, Inc. agreeing to provide pharmaceutical services.

The applicants adequately demonstrate the availability of the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is not 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

The applicants propose to construct a replacement adult care home which will have an estimated 38,770 square feet in Wayne County. In Section VIII.1, pages 30 and 31, the applicants project the total cost for construction will be \$3,624,995. Exhibit W contains a quote from Sherman Architecture, PLLC provides a quote of \$93.50 per square foot for building construction only ($\$93.50 \times 38,770 = 3,624,955$). This quote concurs with the construction cost listed on pages 30 and 31. Exhibit W also contains a letter from the same architectural company stating that the proposed ACH would comply with all applicable federal, state, and local construction and licensure codes and will also ensure a structure that is energy efficient and provides water conservation. Exhibit T contains an Area Map and Exhibit V contains the line drawing.

The applicants adequately demonstrate the financial feasibility of the project, including projected utilization, costs and charges. See Criterion (5) for discussion of costs and charges which is incorporated hereby as if fully set forth herein.

Therefore, the applicants adequately demonstrate that the cost, design and means of construction for the project, as proposed, are reasonable and that the construction costs will not unduly increase the costs and charges of providing health services. 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

- (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

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section IV.2, page 17, the applicants project 93.0% occupancy for the proposed replacement facility in the second year of operation. In Section VI, page 22, the applicants state:

“[A]ll persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. ...”

On pages 22 and 26, the applicants provide the resident days by payor category for operating year 2, as illustrated in the table below.

Wayne Assisted Living FFY 2018		
Payor Source	Resident Days	% of ACH Days
Private Pay	20,994	60.0%
Special Assistance/Basic Medicaid	14,257	40.0%
Total	35,251	100.0%

As illustrated in the table above, the applicants project 60% of its payor source to be from private pay residents with the remaining 40% from residents who receive special assistance with basic Medicaid.

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 for Wayne County and statewide.

	Total # of Medicaid Eligibles as % of Total Population June 2010	Total # of Medicaid Eligibles Age 21 and older as % of Total Population June 2010	% Uninsured (Estimate by Cecil G. Sheps Center) 2008-2009
Wayne	20%	8.2%	20.3%
Statewide	17%	6.7%	19.7%

*More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group does not typically utilize the same health services at the same rate as older segments of the population.

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 of persons eligible to receive dental services who actually received dental services was 45.9% for those age 20 and younger and 30.6% 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. In addition, data is available by age, race or gender. However, a direct comparison to the applicant's 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.

The applicants demonstrate that medically underserved populations will have adequate access to the services offered at Wayne Assisted Living. Therefore, the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are out resident services, admission by house staff, and admission by personal physicians.

In Section V.4, page 20, the applicants state residents will have access to the services offered at Wayne Assisted Living through the following referral sources:

- Hospitals,
- Wayne County Department of Social Services,
- Local Churches, and
- Community Organizations

The applicants adequately identify the range of means by which residents will have access to the proposed replacement ACH. Therefore, the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

Exhibit K contains a letter from Wayne Health Investors, LLC to the Associate Vice President of Wayne Community College offering the use of Wayne Assisted Living as a clinical training site. The applicants adequately demonstrate that the proposed facility would accommodate the clinical needs of health professional training programs in the area. The information provided is reasonable and credible and supports a finding of conformity 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.

C

Waylin Life Care Center is not currently operational. Based on data in the Long Term Care Safety Initiative database, the facilities in Wayne County average almost 21 years old. As of the date of this decision, the Adult Care Licensure Section, of the Division of Health Service Regulation reports on its website that there are 14 licensed adult care homes in Wayne County. Six of those facilities are located within a five mile radius of the proposed Wayne Assisted

Living facility and had the following occupancy rates, as reported on their 2014 LRA, as illustrated in the table below.

Facility	Total Number of Beds	Occupancy Rate
Emeritus at The Pines of Goldsboro	104	91.3%
Goldsboro Assisted Living & Alzheimer's Care	56	83.9%
Renu Life Extended	37	59.4%
Somerset Court of Goldsboro	60	95.0%
Sterling House of Goldsboro	60	65.0%
Woodard's Retirement Village	60	58.3%

Source: 2014 SMFP, 2014 Adult Care Home License Renewal Applications and Adult Care Licensure and Certification Section data as posted on their webpage.

Of those six facilities, three reported having an occupancy rate of 70% or higher. Two of the facilities reported having an occupancy rate of over 90%.

Wayne Assisted Living is an existing, licensed non-operational 104-bed ACH in Wayne County. In Section VI.5, page 23, the applicant discusses how any enhanced competition will have a positive impact on the cost effectiveness, quality, and access to the proposed services, the applicants state:

“The beds in question are currently not being utilized because the facility housing them is not in a condition suitable for the care of adult care home residents. The proposed project will move these beds to a location where there is more need and into a new facility in which adult care home residents can be properly cared for. ... [T]he new facility would be much more energy efficient as well, allowing more funds to be allocated to direct care for residents rather than utility costs.”

See also Sections II, III, VI and VII of the application where the applicants discuss cost-effectiveness, quality and access. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates how any enhanced competition in the service area would have a positive impact on cost effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need to relocate the existing 104-bed ACH, and to construct a replacement facility and that it is a cost-effective alternative;
- The applicants adequately demonstrate they will provide quality services; and
- The applicants demonstrate that they will provide adequate access to medically underserved populations.

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.

NA

- (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.

NA

The Criteria and Standards for Nursing Facility or Adult Care Home Facility Services in 10A NCAC 14C .1100 are not applicable because the applicants do not propose to establish new adult care home beds.