

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: September 8, 2015

Findings Date: September 8, 2015

Project Analyst: Mike McKillip

Assistant Chief: Martha Frisone

Project ID #: F-11038-15

Facility: St. Margaret's of Trevi Village

FID #: 150254

County: Mecklenburg

Applicant: Trevi Village SL LLC

Project: Develop a new continuing care retirement community (CCRC) with 52 adult care home beds, including a 20-bed memory care special care unit

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Agency 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.

C

The applicant, Trevi Village SL LLC d/b/a St. Margaret's of Trevi Village [**Trevi Village**] proposes to develop a new continuing care retirement community (CCRC) with 160 independent living units and 52 adult care home beds, including a 20-bed memory care special care unit, to be located at 12300 U.S. Highway 29 in Charlotte (Mecklenburg County).

There are no need determinations in the 2015 State Medical Facilities Plan (SMFP) applicable to the review of this proposal.

Policies

There are two policies in the 2015 SMFP applicable to this review: Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds, and Policy GEN-4: Energy Efficiency & Sustainability for Health Service Facilities.

Policy LTC-1 states:

“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 N.C. 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 unit 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.*
- (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 be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.”*

With respect to conformance with the above requirements, in Sections III.4 and III.5, pages 54-56, the applicant states:

“Trevi Village’s proposal meets all of the requirements of Policy LTC-1, and therefore its ACH beds are exempt from the need determination in the SMFP. ... Trevi Village anticipates that 100% of its residents for the ACH beds will come from Mecklenburg County because the 52 beds are closed and reserved for residents of Trevi Village and with whom Trevi Village will have continuing care contracts in place.”

The applicant adequately demonstrates conformance with the requirements of Policy LTC-1.

Policy GEN-4 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 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 of 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.”

The proposed capital expenditure for this project is greater than \$5 million. In Section III.4, page 54, the applicant states:

“Trevi Village will utilize the following measures in order to maintain efficient energy operations and contain the costs of utilities as outlined in Policy GEN-4:

- *Ozone for the laundry will allow Trevi Village to wash approximately 90% of its laundry utilizing cold water vs. hot water.*
- *The use of T8 or T5 lighting to reduce the cost of energy consumption.*
- *Use of R13 walls and R30 in ceiling*
- *A minimum of a 16-inch overhang*
- *Thermal pane windows.*

- *Thermal break window sashes.*
- *High efficiency heat pumps.*
- *Energy Star Rated Appliances.*

Water conservation projects at Trevi Village will include, but are not limited to:

-Low Flow Toilets

-Energy efficient showers-low flow shower heads

-Rain barrels to assist with the water needs for facility landscaping

Trevi Village will implement Energy and Water Efficiency policies and guidelines to ensure continuous monitoring and improvement of energy/water use and efficiency.”

The applicant adequately demonstrates conformance with the requirements of Policy GEN-4.

Conclusion

In summary, the application is conforming with Policy LTC-1 and Policy GEN-4. Therefore, the application is conforming with this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

Trevi Village proposes to develop a new CCRC with 160 independent living units and 52 adult care home beds, including a 20-bed memory care special care unit, to be located at 12300 U.S. Highway 29 in Charlotte (Mecklenburg County). In Section I.9, page 5, the applicant identifies the management company for the proposed facility as GMSC North Carolina LLC (Greystone).

Population to be Served

On page 217, the 2015 SMFP defines the service area for adult care home beds as the county in which the bed is located. Thus, the service area consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

In Section III.7, page 55, the applicant states that 100 percent of the projected patients will originate from Mecklenburg County during the first two operating years following project completion. On page 55, the applicant describes its assumptions regarding projected patient origin as follows:

“Trevi Village anticipates that 100% of its residents for the ACH beds will come from Mecklenburg County because the 52 beds are closed and reserved for residents of Trevi Village and with whom Trevi Village will have continuing care contracts in place.”

The applicant adequately identified the population proposed to be served.

Analysis of Need

In Section III.1(a) and (b) of the application, the applicant describes the factors which it states support the need for the proposed project, including:

- The lack of “rental” CCRC facilities with adult care home beds in northeastern Charlotte (page 43).
- The need for memory care special care unit beds, which is substantiated by the high average occupancy rates experienced by the existing Mecklenburg County providers of memory care units (page 43).
- Projected growth in the service area population (pages 45-46).
- The adult care home bed need projections by township based on the use rates in the 2015 State Medical Facilities Plan (pages 46-47).
- The bed need projections for patients with Alzheimer’s Disease by township in the proposed service area (pages 48-49).

In Section IV.1, pages 62-65, the applicant provides projected utilization for the proposed 52-bed adult care home facility through the first three full fiscal years of operation following completion of the project (FY2018-FY2021), which is summarized below.

	FFY2018*	FFY2019	FFY2020	FFY2021
Total Adult Care Home Beds	52	52	52	52
Patient Days of Care	1,868	8,331	15,002	17,884
Occupancy Rate	13.2%	43.9%	78.8%	94.2%

*The applicant projects the facility will open on January 1, 2018, so FFY2018 projections are for the nine-month period from January 1, 2018 to September 30, 2018.

As shown in the above table, the applicant projects it will have an occupancy rate of 43.9 percent in the first full fiscal year of operation (FFY2019) and 94.2 percent in the third full fiscal year of operation (FFY2021).

The applicant describes the assumptions and methodology used to project utilization in Section III.1(b), pages 44-45, as follows:

“The assumptions used in determining the number of ACH beds at Trevi Village are as follows:

- *Greystone's [applicant's management company] prior experience in the development and operation of similar facilities throughout the United States.*
- *Actuarial turnovers in similar size communities.*
- *Implementation of the State Medical Facilities Plan formulas to determine need by township. The results are presented in the tables [on pages 46-49 of the application], which reflect both the general ACH Bed Need and the need for Alzheimer's beds by Township for both Mecklenburg and Cabarrus Counties.*
- *It should be noted that the Northeastern Townships in Mecklenburg County are underserved both relative to CCRCs in general and also ACH beds. See Exhibits 4, 8, and 9 for maps of the Townships, location of existing ACH facilities, and the proposed service area for Trevi Village."*

In Exhibit 19, the applicant states,

"The assisted living beds will be closed beds and therefore will only receive new residents from the independent living units within Trevi Village SL LLC. Therefore, the fill rates will be at a slower pace than what might be expected from assisted living open beds. The assisted living beds are assumed to fill at an average rate of 0.9 residents per month for the 32 assisted living beds and 0.62 residents per month for the 20 assisted living memory support beds. Fill up of beds is forecasted to continue until reaching 30 residents in the assisted living beds (93.75% occupancy) and 19 residents in the assisted living memory support beds (95%)."

As shown above, the applicant's utilization projections are based on its proposed management company's experience and actuarial data. Projected utilization is based on reasonable and adequately supported assumptions. Therefore, the applicant adequately demonstrated the need to develop 52 adult care home beds for the CCRC.

Access

In accordance with the requirements of Policy LTC-1, the applicant states the proposed new ACH beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and will not be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.

Conclusion

In summary, the applicant adequately identified the population to be served by the proposed project, and demonstrated the need the population has for the services proposed. Therefore, the 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.

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.

CA

In Section III.2, pages 51-52, the applicant describes the alternatives considered prior to submitting this application for the proposed project, which include:

- Maintain the Status Quo –The applicant states that maintaining the status quo is not an effective alternative due to the *“maldistribution of ACH beds in Mecklenburg County”* and the lack of a CCRC in western Cabarrus County, which is contiguous to Mecklenburg County.
- Develop an *“endowment based”* CCRC which has a *“huge fee upfront”* – The applicant states this alternative was rejected because *“there are currently no ‘rental retirement communities’ in Northeastern Charlotte.”*

After considering those alternatives, the applicant states the alternative proposed in the application is the most effective alternative.

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 the proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

- 1. Trevi Village SL LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Trevi Village SL LLC shall not shall not construct or operate more than 52 adult care home beds.**
- 3. The adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 4. The 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.

- 5. The 52 new adult care home beds shall be developed on the same site with the independent living units.**
 - 6. Trevi Village SL LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and 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, pages 90-91, the applicant states the total project capital cost of the entire CCRC project, including the independent living units, is projected to be \$53,357,000, of which \$10,154,220 is allocated specifically for the development of the adult care home facility. In Section VIII.2, the applicant states \$41,350,000 will be financed with a commercial loan and \$20,500,000 will be financed with owner's equity, for total financing available of \$61,850,000. In Sections IX.1 and IX.2, pages 95-96, the applicant states there will be \$802,800 in start-up expenses and \$3,959,000 in initial operating expenses, for total working capital required of \$4,761,800. In Section IX.5, page 99, the applicant states the working capital will be financed with owner's equity.

In Exhibit 17, the applicant provides a letter dated May 11, 2015, from a Senior Vice President for Harrison Street Real Estate Capital, LLC (HSRE), which states,

"HSRE has been approached by TST [The Sanders Trust, LLC] to serve as their joint venture partner in the development, ownership and operation of Trevi Village SL LLC ('Applicant'). The Applicant will be the owner of a to-be-constructed Continuing Care Retirement Community ('CCRC') in the Charlotte NC area. The members and their respective ownership interests in said CCRC will be as follows:

<i>Harrison Street Real Estate Capital, LLC (or affiliate thereof)</i>	<i>80%</i>
<i>The Sanders Trust, LLC and Trevi Partners, LLC (or affiliates thereof)</i>	<i>10%</i>
<i>Greystone Senior Communities (or affiliate thereof)</i>	<i>10%</i>
<i>Total all Members</i>	<i>100%</i>

... Included in this CON Application are financial projections related to the development and operation of the proposed CCRC. This letter is to document that HSRE has uncommitted cash equity on-hand in excess of \$500 million and the Members noted above are prepared to invest \$20,500,000 in equity in connection with the project subject to final approval by HSRE's Investment Committee."

In Exhibit 17, the applicant also provides a letter dated May 11, 2015, from the Director of Healthcare Lending for Synovus Bank, which states,

"It is our understanding that Trevi Village SL LLC ('Applicant') will be the owner of a to-be-constructed Congregate [sic] Care Retirement Community in the Charlotte, NC area ('Trevi Project'). ... The primary purpose of this letter is to show our support for the Applicant under this CON and to express our interest in providing financing for the Trevi Project. ... We are well acquainted with the financial wherewithal of the Applicant-Trevi Village SL LLC (including TST, HSRE, Trevi Partners, LLC, Greystone and/or affiliates thereof, collectively 'Members')...."

We have reviewed the Applicant's financial statements, together with proformas for the Trevi Project which demonstrate a cash equity need of \$20,500,000 and bank financing need of \$41,350,000 for development/working capital funds. Based upon our direct knowledge of the members of the Applicant's financial position, the Applicant has access to the required cash equity to invest in the Trevi Project and that proformas appear reasonable (including assumed development timetables, closing related costs, interest rate of 5%, 4 years of interest only during project fill-up/stabilization, followed by a 26-year amortization of principal)."

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

In the pro forma financial statement (Form B) for the entire CCRC, including the proposed adult care home facility, the applicant projects that revenues will exceed operating expenses in the third full fiscal year of operation of the project, as shown in the table below.

St. Margaret's of Trevi Village (Entire Facility)

	FFY2018*	FFY2019	FFY2020	FFY2021
Total Operating Revenue	\$2,746,953	\$8,22,417	\$10,841,160	\$11,946,280
Total Operating Expenses	\$7,311,221	\$10,471,937	\$10,967,671	\$10,967,671
Net Income	(\$4,564,268)	(\$2,249,520)	(\$126,511)	\$978,609

*The applicant projects the facility will open on January 1, 2018, so FFY2018 projections are for the nine-month period from January 1, 2018 to September 30, 2018.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The

applicant adequately demonstrates 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.

C

The applicant, Trevi Village, proposes to develop 52 adult care home beds as part of a new CCRC to be located in northeastern Charlotte (Mecklenburg County) pursuant to Policy LTC-1 of the 2015 SMFP.

On page 217, the 2015 SMFP defines the service area for adult care home beds as the county in which the bed is located. Thus, the service area consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

There are 48 ACH facilities in Mecklenburg County, with a total licensed and CON-approved inventory of 3,087 beds. The inventory of ACH beds in the Proposed 2016 SMFP is shown in the following table:

St. Margaret's of Trevi Village

Project ID # F-11038-15

Page 11

ACH Facility	Licensed Beds in Nursing Homes	Licensed Beds in ACH Facilities	Total Licensed Beds	CON Approved/ Transferred	CCRC Beds Excluded From Planning Inventory	Total Beds in Planning Inventory
Atria Merry wood		20	20			20
Brighton Gardens of Charlotte		125	125			125
Brookdale Carriage Club Providence I		77	77	-6		71
Brookdale Carriage Club Providence II		34	34			34
Brookdale Charlotte East		50	50			50
Brookdale Cotswold		104	105			104
Brookdale Place Weddington Park		83	83			83
Brookdale South Charlotte		82	82	6		88
Brookdale South Park		56	56			56
Carmel Hills		38	38			38
Carrington Place	10	0	10			10
Charlotte Manor		40	40	-40		0
Charlotte Square		125	125			125
Cuthbertson Village at Aldersgate		45	45	16	8	61
East Towne		120	120			120
Elmcroft of Little Avenue		62	62			62
Hunter Village		68	68			68
Hunter Woods Nursing & Rehabilitation	10	0	10			10
Lawyers Glen Retirement Living Center		82	82			82
Legacy Heights Senior Living Community		122	122			122
Northlake House		48	48			48
Parker Terrace		53	53			53
Pineville Rehabilitation and Living Center	10		10			10
Preston House		40	40	40		80
Queen City Assisted Living		120	120			120
Radbourne Manor III		12	12			12
Regency Retirement Village		119	119			119
Saturn Nursing and Rehabilitation Center	20		20			20
Sharon Towers	40		40			40
Southminster	25		25			25
Summit Place of Southpark		120	120			120
Sunrise on Providence		95	95			95
The Crossings at Steele Creek		90	90			90
The Haven in Highland Creek		60	60			60
The Haven in the Village at Carolina Place		60	60			60
The Laurels in Highland Creek		105	105			105
The Laurels in the Village at Carolina Place		104	104			104
The Little Flower Assisted Living Residence		49	49			49
The Parc at Sharon Amity		64	64			64
The Pines at Davidson	30		30		5	25
The Terrace at Brightmore of South Charlotte			0	30		30
The Villages of Mecklenburg			0	100		100
University Place Nursing and Rehabilitation	10		10			10
Waltonwood Ballentyne			0	80		80
Waltonwood Cotswold			0	125		125
Willow Ridge Assisted Living		52	52			52
Willow Brooke Court/Plantation Estates	60		60		10	50
Wilora Lake Healthcare Center	20		20			20
Total	235	2,524	2,759	351	23	3,087

Source: Table 11A, Proposed 2016 State Medical Facilities Plan.

According to the Proposed 2016 SMFP, there will be a surplus of 105 ACH beds in Mecklenburg County in 2019, as shown in the table below.

Mecklenburg County ACH Bed Need Projections for 2019

Total ACH Bed Need Projected in 2019	Currently Licensed	Planning Inventory	Surplus	Additional Beds Needed
2,982	2,759	3,087	105	0

Source: Table 11B, Proposed 2016 State Medical Facilities Plan.

In Section III.1(e), page 50, the applicant states,

“Trevi Village will have a minimal impact on existing facilities in both Mecklenburg and Cabarrus Counties for the following reasons:

- A. The current high occupancy level of existing ACH facilities offering Alzheimer’s or Memory Care Units.*
- B. The projected population growth trends in both counties as evidenced in the charts [on pages 45-46 of the application].*
- C. Trevi Village will be a rental unit project rather than an endowment facility.*
- D. The proposed location in Northeastern Charlotte, where there are not currently any facilities.*
- E. The maldistribution of beds and facilities in Mecklenburg and Cabarrus County.*
- F. Trevi Village’s ACH beds will not be taking residents from the general population of people needing adult care services, but will be caring for residents who have already chosen to live in one of its independent units, which do not in and of themselves require a CON.”*

In Sections III.4 and III.5, pages 54-56, the applicant states the 52 adult care home beds will be available exclusively to persons with a continuing care contract with Trevi Village, pursuant to Policy LTC-1. The applicant adequately demonstrated the need the population to be served has for 52 adult home care beds. The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference. Therefore, the applicant adequately demonstrated that the proposed project will not unnecessarily duplicate existing or approved health service capabilities or facilities. 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.

C

In Section VII.2, page 83, the applicant provides the proposed staffing for the new adult care home facility in the second full fiscal year of operation (FFY2020), as shown in the table below.

Position	Number of Staff (FTE)
Executive Director	1.00
Administrator	1.00
Administrative Assistant	1.00
Sales Coordinator	1.00
Business Office Manager	1.00
Business Office Assistant	1.00
Community Relations Coordinator	0.25
HR Coordinator	1.00
Marketing Director	1.00
Marketing Assistant	1.00
Receptionist	3.80
Sales Counselor	1.25
Nurse	4.97
Personal Care Aide	18.40
Pharmacy Consultant	1.00
Food Service Director	1.00
Chef	1.00
Kitchen Attendant	5.69
Utility	2.74
Dining Room Manager	1.47
Food Servers	8.79
Activity Director	1.00
Assistant Activity Director	2.70
Housekeeping Aides	5.85
Laundry Aides	0.46
Driver	1.52
Maintenance Supervisor	1.00
Maintenance Technician	2.00
TOTAL	75.29

Source: Table VII.3 page 83.

In Section VII.6, pages 85-88, the applicant describes its experience and process for recruiting and retaining staff. Exhibit 24 contains a copy of a letter from Mahesh Duggal, M.D., expressing his interest in serving as the Medical Director for the proposed facility. The applicant adequately demonstrates 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.

In Section II.4, pages 41-42, the applicant describes the proposed providers of the necessary ancillary and support services. Exhibit 16 contains copies letters from providers of nursing, hospital and home care services expressing an interest in providing those services to Trevi Village, and Exhibit 15 of the application contains copies of letters from other healthcare providers expressing support for the proposed project. The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare 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 (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 applicant proposes to develop the 52 adult care home beds in a new 47,344 square foot facility to be located at 12300 U.S. Highway 29 in Charlotte. Exhibit 23 contains a letter from an architect that estimates that architectural fees, site preparation costs, and construction costs will total \$7,079,720, which corresponds to the project capital cost projections provided by the applicant in Section VIII.1, page 90, of the application. In Section XI.14, page 116, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicant adequately demonstrated that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for 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

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds requires the applicant to use the ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The Policy also prohibits the applicant from 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.

C

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds requires the applicant to use the ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days.

- (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

In Section V.1, page 70, the applicant states that it contacted the University of North Carolina-Charlotte's School of Nursing. Exhibit 14 contains a copy of correspondence to University of North Carolina-Charlotte's School of Nursing expressing an interest on the part of the applicant to enter into clinical training agreements. The information provided is reasonable and credible and supports a finding of conformity to 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

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds requires the applicant to use the ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days.

- (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

In Section I.12, page 7, the applicant states it does not currently own, lease, or manage any adult care home facilities in North Carolina.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

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

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

.1101 INFORMATION REQUIRED OF APPLICANT

- (a) *An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*
- C- In Section IV.2, pages 62-65, Trevi Village provides the occupancy level projections by quarter through the first three full fiscal years of operation following completion of the proposed project. In Section III.1, pages 43-49, and Exhibit 19, Trevi Village provides the assumptions and methodology by which occupancies were projected.
- (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 Section III. 7, pages 55-56.
- (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 III.8, pages 56-57, the applicant states that, as a CCRC, all of the patients will be residents of Trevi Village, and will live within a 45 miles radius of the facility.
- (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.*
- C- In Section XI.2, page 108, the applicant identifies the site as 12300 U.S. Highway 29 in Charlotte. Exhibit 20 contains a copy of an option to purchase the site signed by the seller and the applicant.
- (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.*
- C- Exhibit 5 contains documentation from the City of Charlotte Zoning Office that the site is suitable for development with regard to water, sewage disposal, site development and zoning.
- (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- Exhibit 23 contains documentation from an architect which states the proposed facility will meet these requirements.

.1102 PERFORMANCE STANDARDS

(a) *An applicant proposing to add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed nursing facility beds within the facility in which the new beds are to be operated was at least 90 percent.*

-NA- The applicant is not proposing to add nursing facility beds.

(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.*

-NA- The applicant is not proposing to establish a new nursing facility add nursing facility beds to an existing facility.

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

-NA- The applicant is not proposing to add adult care home beds to an existing facility.

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

- NA- Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds requires the applicant to use the ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days.