

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: February 5, 2016
Findings Date: February 5, 2016

Project Analyst: Julie Halatek
Assistant Chief: Martha J. Frisone

Project ID #: E-11102-15
Facility: Burkeview Manor
FID #: 150436
County: Burke
Applicants: Burkeview, LLC
Morganton Opco Holdings, LLC

Project: Replace and relocate 63 adult care home beds from Longview Assisted Living to a new location where the facility will be called Burkeview Manor

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.

C

Burkeview, LLC and Morganton Opco Holdings, LLC propose to relocate 63 licensed but not currently operational adult care home (ACH) beds from Longview Assisted Living (Longview) to a new location where the facility will be called Burkeview Manor (Burkeview). Both the existing and the proposed replacement facilities are located in Burke County. Burkeview, LLC will own the land and the building which will be leased to Morganton Opco Holdings, LLC. Burkeview will be managed by Meridian Senior Living. Longview's 63 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan (SMFP).

Need Determination

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 2015 SMFP.

Policies

The following two policies are applicable to this review:

- Policy LTC-2: Relocation of Adult Care Home Beds
- Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

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 care home beds in the county that would be losing adult care home beds as a result of the proposed project, as reflected in the 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 home beds in the county that would gain adult care home beds as a result of the proposed project, as reflected in the State Medical Facilities Plan in effect at the time the certificate of need review begins.”*

Both the existing and proposed locations are in Burke County. 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 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 X.9, pages 38-39, the applicants provide a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

Conclusion

In summary, the applicants demonstrate that the proposal is conforming to all applicable policies in the 2015 SMFP. Therefore, the application is conforming to this criterion.

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

C

Burkeview, LLC and Morganton Opco Holdings, LLC propose to relocate 63 licensed but not currently operational adult care home (ACH) beds from Longview Assisted Living (Longview) to a new location where the facility will be called Burkeview Manor (Burkeview). Both the current and the proposed facilities are located in Burke County. Burkeview, LLC will own the land and the building which will be leased to Morganton Opco Holdings, LLC. Burkeview will be managed by Meridian Senior Living. Longview's 63 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan (SMFP).

Population to be Served

On page 217, the 2015 SMFP defines the service area for ACH beds as the ACH bed planning area in which the bed is located. Ninety-eight counties in the state are separate ACH bed planning areas. Two counties, Hyde and Tyrell, are considered a combined service area. Thus, the service area for this facility consists of Burke County. Facilities may also serve residents of counties not included in their service area.

In Section III.7(b), page 15, the applicants provide the projected patient origin as shown in the table below.

Burkeview – Projected Patient Origin by County	
County	% of total ACH residents
Burke	100%
Total	100%

In Section III.1, page 12, the applicants state that Longview closed its doors due to bankruptcy and that it is not currently operational. The applicants go on to state on page 15 of the application that because the facility is not operational, there is no patient origin to report; but because the facility would be centrally located in Burke County, the entire patient population is expected to originate from Burke County.

The applicants adequately identify the population to be served.

Analysis of Need

Application of the method to project the need for additional ACH beds in 2018, found on pages 215-217 of the 2015 SMFP, results in a 50 ACH bed surplus for Burke County. The applicants propose to relocate and replace 63 existing but not operational ACH beds. If the 63 ACH beds are not put into operation, the result will be a deficit of 13 ACH beds in 2018.

In Section III.1, page 12, and in supplemental information received January 5, 2016, and January 19, 2016, the applicants discuss the need for the proposed project. The applicants state the need is based on the closure of Longview due to bankruptcy, the inadequate condition of the existing facility, and the inability of the facility to serve the residents of Burke County:

- The applicants state the existing facility is closed due to bankruptcy of the owners and currently unable to serve residents of Burke County. See pages 12 and 14 of the application.
- The applicants state that the existing facility lacks modern systems which makes it inadequate to provide quality care. See page 12 of the application.
- The applicants state that the beds to be relocated are existing beds that were previously underutilized and, without relocation to a replacement facility, they would continue to be underutilized because of the physical condition of the facility. See supplemental information received January 19, 2016.
- See also the population and demographic data for Burke County in Exhibits E and F of the application.

The applicants adequately demonstrate the need to relocate and replace the 63 ACH beds from Longview to the proposed facility.

Projected Utilization

In Section IV.2, page 17, the applicants provide projected utilization as shown in the following table.

Burkeview – Projected Utilization – FFYs 1 & 2					
FFY 2018 (Project Year 1)					
	Q1 (7/1 – 9/30)	Q2 (10/1 – 12/31)	Q3 (1/1 – 3/31)	Q4 (4/1 – 6/30)	Total
Patient Days	1,748	2,790	3,913	5,054	13,505
# Beds	63	63	63	63	63
Occupancy	30.2%	49.2%	68.3%	87.2%	58.7%
FFY 2019 (Project Year 2)					
Patient Days	5,506	5,387	5,446	5,506	21,845
# Beds	63	63	63	63	63
Occupancy	95.0%	95.0%	95.0%	95.0%	95.0%

As shown in the table above, the applicants project the 63 ACH beds will operate at 58.7 percent occupancy [$13,505 / (63 \times 365) = 0.587$] in FFY 2018 and at 95 percent occupancy [$21,845 / (63 \times 365) = 0.95$] in FFY 2019.

In Section IV.3, page 18; referenced exhibits; and in supplemental information received January 5, 2016, and January 19, 2016, the applicants provide the assumptions and methodology used to project utilization, which are summarized below.

- In supplemental information received January 19, 2016, the applicants state that based on census data from two recently opened Meridian facilities of similar size, the facility will begin operations with at least 10 ACH beds reserved on October 1, 2017.
- In supplemental information received January 19, 2016, the applicants state that based on census data from two recently opened Meridian facilities of similar size, the facility will add four patients per month to the ACH population until the facility is full. The applicants provide the monthly census and increases or decreases in population for the two referenced facilities.
- The facility will be considered full at 95 percent utilization which is projected to occur during the first month of FFY 2019.
- Population and demographic data for Burke County is found in Exhibits E and F.

Projected utilization is based on reasonable and adequately supported assumptions.

Access

In Section VI.1, page 21, the applicants state that 45 percent of patient days will come from patients who pay privately and 55 percent of patient days will come from patients covered by State/County Special Assistance with Basic Medicaid (S/C SA). In supplemental information received January 5, 2016, the applicants state:

“The payor mix projected in the Burke County Certificate of Need application was arrived at through the detailed analysis of similar sized facilities in comparable markets. Due and [sic] the proprietary nature of MSL’s operational data the Applicant [sic] is unable to provide specific operational figures and/or names.”

In Section VI.3, pages 22-23, the applicants state that residents will be admitted only on a physician’s order and residents whose needs the facility cannot accommodate will not be admitted. The applicants state that all persons will be admitted to the facility, receive services at the facility, and have the same payment policies regardless of race, color, creed, age, national origin, handicap, sex, or source of payment. The applicants state that private pay residents will be required to pay for each month’s residency in advance, but State/County Special Assistance with Medicaid recipients will not be required to pay anything prior to or upon admission. The applicants also state that private pay residents who spend down and become eligible for special assistance will not be discharged and every effort will be made to assist the resident and family with applying for State/County Special Assistance with Medicaid.

The applicants adequately demonstrate the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicants adequately identify the population to be served, adequately demonstrate the need that this population has for the proposed project, and adequately demonstrate the extent to which all residents, including underserved groups, will have access to the proposed services. 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.

C

The applicants propose to relocate 63 licensed, but not currently operational, ACH beds from Longview to Burkeview. According to Google Maps¹, Burkeview’s proposed site is located nine miles (a 14 minute drive) from Longview. Therefore, the replacement facility would be geographically accessible to the same population previously served at Longview before it closed. The 63 beds to be added to Burkeview from Longview are currently unoccupied. Since the 63 beds are not currently serving residents no residents will be impacted by the relocation of the 63 ACH beds. The applicants adequately demonstrate that the needs of the population presently served will be adequately met. Therefore, the application is conforming to this criterion.

¹ <https://www.google.com/maps>

- (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 and supplemental information received January 19, 2016, the applicants describe the alternatives considered, including maintaining the status quo or relocating the 63 ACH beds to the facility under development. The applicants discuss the deficiencies of the existing facility and the choice of location to serve the same population that was previously served by Longview.

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

- 1. Burkeview, LLC, and Morganton Opco Holdings, LLC shall materially comply with all representations made in the certificate of need application and supplemental information received January 5, 2016, and January 19, 2016. In those instances where representations conflict, Burkeview, LLC, and Morganton Opco Holdings, LLC shall materially comply with the last made representation.**
- 2. Burkeview, LLC, and Morganton Opco Holdings, LLC shall construct a replacement adult care home facility which shall be licensed for no more than 63 adult care home beds upon completion of the proposed project.**
- 3. Burkeview, LLC, and Morganton Opco Holdings, LLC shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application and supplemental information received January 5, 2016, and January 19, 2016.**
- 4. For the first two years of operation following completion of the project, Burkeview, LLC, and Morganton Opco Holdings, LLC 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 Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 5. Burkeview, LLC, and Morganton Opco Holdings, LLC, 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.**

6. Burkeview, LLC, and Morganton Opco Holdings, 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

Burkeview, LLC and Morganton Opco Holdings, LLC propose to relocate 63 licensed but not currently operational adult care home (ACH) beds from Longview Assisted Living (Longview) to a new location where the facility will be called Burkeview Manor (Burkeview). Both the existing and the proposed replacement facilities are located in Burke County. Burkeview, LLC will own the land and the building which will be leased to Morganton Opco Holdings, LLC. Burkeview will be managed by Meridian Senior Living. Longview's 63 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan (SMFP).

Capital and Working Capital Costs

In Section VIII.1, page 30, the applicants project the total capital cost of the project will be \$7,941,044, which includes:

Site Costs:	\$1,564,144
Construction Contract:	\$4,656,900
Equipment & Furniture:	\$525,000
Architect/Engineering Fees:	\$185,000
Contingency:	\$250,000
<u>Other Miscellaneous Costs:</u>	<u>\$760,000</u>
	\$7,941,044

In Exhibit P, the applicants project the total working capital (start-up and initial operating expenses) costs will be \$564,309 (\$135,000 for start-up expenses and \$428,809 for initial operating expenses).

Availability of Funds

In Section VIII.2, page 31, the applicants state that the capital cost for developing the project will be financed via commercial loan. Exhibit N contains a letter signed by John Savage of DCR Mortgage Partners VI, LP stating the company will provide a commercial loan to the applicants in the amount of \$7,941,100. Exhibit O contains an amortization schedule for that loan.

In Exhibit P, the applicants state that the working capital costs for developing the project will be financed via commercial loan. Exhibit P also contains a letter signed by John Savage of

DCR Mortgage Partners VI, LP stating the company will provide a commercial loan to the applicants in the amount of \$564,309. Exhibit Q contains an amortization schedule for that loan.

The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

In Section X.3, pages 33-34, the applicants project per diem rates for the first two operating years. The applicants state that the per diem rate for private pay residents will be \$132.89 and the per diem rate for residents receiving State/County Special Assistance with Basic Medicaid will be \$76.41 (whether in a private or semi-private room).

In Exhibit L, the applicants state the proposed replacement facility will consist of 28 private pay beds and 35 regular beds for a total of 63 beds. In the projected revenue and expense statement (Form B), the applicants project operating costs will exceed revenues in the first Project Year following completion of the project, but revenues will exceed operating expenses in the second Project Year following completion of the proposed project, as shown in the table below.

Revenues / Operating Expenses – Project Years 1 & 2 – Burkeview		
	Project Year 1	Project Year 2
Total Revenues	\$1,342,862	\$2,193,982
Total Operating Expenses	\$1,771,670	\$2,137,287
Net Profit	(\$428,809)	\$56,694

The assumptions used by the applicants in preparation of the pro formas are reasonable including projected utilization, costs, and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

In summary, the applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project. Furthermore, 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.

C

Burkeview, LLC and Morganton Opco Holdings, LLC propose to relocate 63 licensed but not currently operational adult care home (ACH) beds from Longview Assisted Living (Longview)

to a new location where the facility will be called Burkeview Manor (Burkeview). Both the existing and the proposed replacement facilities are located in Burke County. Burkeview, LLC will own the land and the building which will be leased to Morganton Opco Holdings, LLC. Burkeview will be managed by Meridian Senior Living. Longview's 63 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan (SMFP).

On page 217, the 2015 SMFP defines the service area for ACH beds as the ACH bed planning area in which the bed is located. Ninety-eight counties in the state are separate ACH bed planning areas. Two counties, Hyde and Tyrell, are considered a combined service area. Thus, the service area for this facility consists of Burke County. Facilities may also serve residents of counties not included in their service area.

The following table shows the existing and approved ACH beds located in Burke County, per page 220 of the 2015 SMFP. The utilization figure is calculated from information submitted on days of care on each facility's 2015 License Renewal Application (LRA).

Inventory and Utilization of ACH Beds –Burke County			
Facility Name	# of Beds	Days of Care	Utilization
Autumn Care of Drexel*	20	5,281	72.3%
Burke Long Term Care	24	6,570	75.0%
Cambridge House	60	20,323	92.8%
Grace Ridge*	47	13,922	81.2%
Jonas Ridge Adult Care	57	13,505	64.9%
Longview Assisted Living**	0 [63]	0 [10,220]	0% [44.4%]
McAlpine Adult Care	60	19,439	88.8%
Morganton Long Term Care Facility	20	3,433	47.0%
Morganton Long Term Care, Southview Facility	64	16,111	69.0%
Totals**	352 [415]	98,584 [108,804]	76.7% [71.8%]

*Denotes nursing homes that also have ACH beds.

**The Project Analyst calculated the number of beds, days of care, and utilization percentages both with and without the 63 beds from Longview. The numbers in brackets include the 63 beds from Longview.

Table 11B of the 2015 SMFP, on page 243, projects a surplus of 50 ACH beds in Burke County in 2018. In supplemental information received January 19, 2016, the applicants state that the beds to be relocated are existing beds that are underutilized because of the physical condition of the existing facility. The applicants state that these beds are existing beds listed in the ACH bed inventory of the 2015 SMFP. Additionally, if the 63 ACH beds are not developed, the projected 50 ACH bed surplus for Burke County in 2018 would be a deficit of 13 ACH beds for Burke County in 2018.

The applicants do not propose to develop new ACH beds, but rather to replace an old ACH facility (which is already closed) and relocate its existing 63 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Burke County. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference. The applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved ACH beds in Burke County. Consequently, 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

The applicants propose to provide personal care staff twenty-four hours per day, seven days per week. In Section VII.4, page 27, the applicants state that by FFY 2019 (the second full fiscal year) the ACH facility will be staffed by 31.5 full-time equivalent (FTE) positions. Adequate costs 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.

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In Section II.2, 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 including dietary, medical transportation, dentistry, physician, therapy, recreation, personal care, and housekeeping/laundry services. Exhibit X contains a copy of a letter from Stanley Labs, Inc., offering to provide pharmacy services to Burkeview. Exhibit B contains a copy of the management agreement, including requirements for the provision of goods and services, between Meridian Senior Living and the applicants. Exhibit M contains a blank application for residency, which includes details on the provision of certain services. Exhibits I, J, and K contain copies of letters from the applicants to local physicians, the Burke County Department of Social Services, and Western Piedmont Community College, offering to collaborate to provide services to the residents of the facility as well as opportunities for professionals in the community. The applicants adequately demonstrate that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming 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 applicants propose to develop the replacement facility in a 38,000 square foot building to be located at 401 Bost Road in Morganton. Exhibit V contains a letter from an architect with DIGroupArchitecture, LLC, which estimates that the cost of construction to develop the building will be approximately \$122.55 per square foot, which corresponds to the project capital cost projections provided by the applicants in Section VIII on pages 29-30 ($\$122.55 \times 38,000$ square feet = \$4,656,900). In Section X.9, pages 38-39, the applicants describe 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 applicants adequately demonstrate 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;

C

The applicants propose to relocate 63 licensed but not currently operational ACH beds from Longview to a replacement facility (Burkeview). The applicants do not currently operate any of the ACH beds proposed to be relocated.

- (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;

C

The applicants propose to relocate 63 licensed but not currently operational ACH beds from Longview to a replacement facility (Burkeview). The applicants do not currently operate any of the ACH beds proposed to be relocated.

- (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 VI.1, page 21, and Exhibit L, the applicants project the following payor mix during Project Year 2 (FFY 2019):

Payor Mix – FFY 2019 – Burkeview Projected Days as % of Total Days	
Payor Source	ACH Beds
Private Pay	45%
State/County Special Assistance	55%
Total	100%

As shown in the table above, the applicants project 55 percent of residents will have services paid for by State/County Special Assistance with Basic Medicaid and 45 percent of residents will be private pay residents. In Section VI.3, pages 22-23, the applicants state that all persons will be admitted to the facility, receive services at the facility, and have the same payment policies regardless of race, color, creed, age, national origin, handicap, sex, or source of payment.

The applicants demonstrate that medically underserved populations will have adequate access to the proposed ACH services. 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 outpatient services, admission by house staff, and admission by personal physicians.

C

In Section V.4, pages 19-20, the applicants provide a list of referral sources for admission to Burkeview. In Section IV.3, page 22, the applicants state individuals will be admitted to Burkeview upon the written order of a physician. See the Admission Policies and Procedures in Exhibit M. 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

In Section V.1, page 19, the applicants state that they have taken steps to execute an agreement with Western Piedmont Community College. Exhibit K contains a letter, dated September 14, 2015, from the applicants to Michelle Benton of Western Piedmont Community College, offering to coordinate to enhance the lives of the senior citizens in the community.

The information provided is reasonable and adequately supports a determination that the application is conforming 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

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the service area for this facility consists of Burke County. Facilities may also serve residents of counties not included in their service area.

The following table shows the existing and approved ACH beds located in Burke County, per page 220 of the 2015 SMFP. The utilization figure is calculated from information submitted on days of care on each facility's 2015 License Renewal Application (LRA).

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Longview Assisted Living**	0 [63]	0 [10,220]	0% [44.4%]
McAlpine Adult Care	60	19,439	88.8%
Morganton Long Term Care Facility	20	3,433	47.0%
Morganton Long Term Care, Southview Facility	64	16,111	69.0%
Totals**	352 [415]	98,584 [108,804]	76.7% [71.8%]

*Denotes nursing homes that also have ACH beds.

**The Project Analyst calculated the number of beds, days of care, and utilization percentages both with and without the 63 beds from Longview. The numbers in brackets include the 63 beds from Longview.

Table 11B of the 2015 SMFP, on page 243, projects a surplus of 50 ACH beds in Burke County in 2018. In supplemental information received January 19, 2016, the applicants state that the beds to be relocated are existing beds that are underutilized because of the physical condition of the existing facility. The applicants state that these beds are existing beds listed in the ACH bed inventory of the 2015 SMFP. Additionally, if the 63 ACH beds are not developed, the projected 50 ACH bed surplus for Burke County in 2018 would be a deficit of 13 ACH beds for Burke County in 2018.

The applicants do not propose to develop new ACH beds, but rather to replace an old ACH facility (which is already closed) and relocate its existing 63 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Burke County.

In Section VI.5, page 23, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality, and access to the proposed services. See also Sections II, III, V, VI, and VII where the applicants discuss the impact of the project on cost-effectiveness, quality, and access to the proposed services.

The information in the application is reasonable and adequately demonstrates that any enhanced competition in the service area includes 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 for the proposed project and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

- The applicants adequately demonstrate that they will provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicants demonstrate that they will provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) and (13) are incorporated herein by reference.

Therefore, the application is conforming to this criterion.

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

C

In publicly available information, the Project Analyst determined that the applicants or Meridian Senior Living, the management company for Burkeview, currently own, lease, or manage 66 adult care homes in North Carolina. According to the files in the Adult Care Licensure Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by the applicants or managed by Meridian Senior Living in North Carolina. After reviewing and considering information provided by the applicants and by the Adult Care Licensure Section and considering the quality of care provided at all 66 facilities, the applicants provide sufficient 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.

NA

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