

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 22, 2020

Findings Date: December 22, 2020

Project Analyst: Celia C. Inman

Team Leader: Lisa Pittman

Project ID #: G-11951-20

Facility: Twin Lakes Community Memory Care

FID #: 061418

County: Alamance

Applicant: Lutheran Retirement Ministries of Alamance County, North Carolina

Project: Develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than 4 ACH beds from Twin Lakes Community, and delicense 8 Policy NH-2 beds for a total of no more than 32 ACH beds upon completion of this project and Project ID #G-11968-20 (relocate 8 NF beds to Twin Lakes Community)

REVIEW CRITERIA

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

Lutheran Retirement Ministries of Alamance County, North Carolina, “the applicant”, proposes to develop no more than 12 new adult care home (ACH) beds pursuant to Policy LTC-1, relocate no more than four ACH beds from Twin Lakes Community (TL Community), and delicense eight Policy NH-2 beds for a total of 32 ACH beds at Twin Lakes Community Memory Care (TL Memory Care) upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds from TL Memory Care to TL Community). TL Community and TL Memory Care are separate facilities which are part of the licensed continuing care retirement community (CCRC), known as Twin Lakes Community (Twin Lakes).

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 2020 State Medical Facilities Plan (SMFP).

Policies

There is one policy in the 2020 SMFP which is applicable to this review: *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds.*

Policy LTC-1

Policy LTC-1, on page 22-23 of the 2020 SMFP, 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 North Carolina Department of Insurance.*
- 3. Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- 4. Reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*

5. *Will not participate in the Medicaid program or serve State-County Special Assistance recipients.”*

In Section B.7, pages 15-16, the applicant provides responses that demonstrate compliance with the requirements of Policy LTC-1 and provides supporting documentation in Exhibits B-7.1. The applicant adequately demonstrates conformance with the requirements of Policy LTC-1.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion because the applicant adequately demonstrates that the proposal is consistent with Policy LTC-1 based on the following reasons:

- The applicant adequately documents its plan for developing the proposed adult care home beds to be used exclusively to meet the needs of its independent living (IL) residents.
- The applicant adequately documents that it will provide for the provision of nursing services, medical services, or other health related services as required for licensure by the North Carolina Department of Insurance.
- The applicant adequately documents that the proposed additional ACH beds will not be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.

(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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds from TL Memory Care to TL Community). Both facilities are part of the Twin Lakes CCRC.

Patient Origin

On page 205, the 2020 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. TL Community CCRC is located in Alamance County. Thus, the service area for this proposal is Alamance County. Facilities may also serve residents of counties not included in their service area.

In supplemental information requested by the Agency, the applicant provides the historical patient origin for all patients admitted to TL Memory Care, FID #061418, during the last full fiscal year (FY), as of September 30, 2019. The general and special care unit (SCU) NF and ACH patient origin as summarized in the following tables.

Actual Patient Origin – NF Beds

County	Last Full FFY 10/01/2018-09/30/2019			
	General NF Beds		SCU NF Beds	
	# of Patients	% of Total	# of Patients	% of Total
Alamance	NA	NA	14	88.00% [93.3%]
Guilford	NA	NA	1	.06% [6.7%]
Total	NA	NA	15	88.06% [100.0%]

Actual Patient Origin – ACH Beds

County	Last Full FFY 10/01/2018-09/30/2019			
	General ACH Beds		SCU ACH Beds	
	# of Patients	% of Total	# of Patients	% of Total
Alamance	NA	NA	16	100.0%
Total	NA	NA	16	100.0%

In supplemental information requested by the Agency, the applicant provides the projected patient origin of the residents in the proposed 32 ACH beds to be located at TL Memory Care, FID #061418, as shown below.

Projected ACH Patient Origin

County	Third Full Fiscal Year FY2023			
	General ACH Beds		SCU ACH Beds	
	# of Patients	% of Total	# of Patients	% of Total
Alamance	19	95.0%	19	95.0%
Other	1	5.0%	1	5.0%
Total	20	100.0%	20	100.0%

Totals/percentages may not sum/calculate due to rounding

In the supplemental information requested by the Agency, the applicant provides the assumptions and methodology used to project its patient origin, stating:

“The projected patient origin for the proposed 32 ACH beds to be located at TL Memory Care is 20 patients for each household, General and SCU, totaling 40 patients over the course of the year for the available 32 beds.”

The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.1, pages 21-22, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states that TL Community and TL Memory Care are part of the licensed CCRC, known as Twin Lakes. The applicant also states that it has grown to one of the largest CCRC’s in North Carolina, adding 64 homes to the campus in the past 10 years, with a waiting list for assisted living and memory care beds. On page 15, the applicant states that 28 additional homes will be complete and occupied this year. On page 16, the applicant states that TL Memory Care has remained full, with a waiting list since six months after opening in 2008. On page 25, the applicant states that there are currently 26 campus residents on the waiting list for the 20 existing ACH beds. The expected growth in residents from the additional homes and the consistent waiting list for TL Memory Care prompted the applicant to examine the licensure of existing beds and seek a realignment of beds to better meet the needs of the Twin Lake residents.

Twin Lakes currently houses both NF and ACH beds and patients in two separate buildings:

- TL Community, FID #923513, known as the Coble Creek Healthcare building, consists of 100 NF beds and four ACH beds
- TL Memory Care, FID #061418, known as the Moneta Springs Memory Care building, consists of 16 NF beds and 16 ACH beds

TL Community (Coble Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2/LTC-1 Beds (closed)	35	2	37
Unrestricted (open)	65	2	67
Total (no SCU Beds)	100	4	104
TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2/LTC-1 Beds (closed)	8	14	22
Unrestricted (open)	8	2	10
Total (all SCU Beds)	16	16	32
Total Number of Licensed NF and ACH Beds at CCRC	116	20	136

With the submission of this application and companion application, Project ID #G-11968-20, the applicant seeks an outcome with 104 NF beds housed in Coble Creek Healthcare and 32 ACH beds housed in Moneta Springs Memory Care, as shown below.

Project ID #G-11968-20 / TL Community (Cole Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Policy NH-2 Beds (restricted to CCRC residents)	31	0	31
Unrestricted (open to non-CCRC residents)	73	0	73
Total Number of NF Beds (no SCU Beds)	104	0	104
Project ID #G-11951-20 / TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Policy LTC-1 Beds (restricted to CCRC residents)	0	16	16
Unrestricted (open to non-CCRC residents)	0	4	4
CON for 12 LTC-1 beds (restricted to CCRC residents)	0	12	12
Total Number of ACH Beds (16 SCU Beds)	0	32	32
Total Number of Licensed NF and ACH Beds at CCRC	104	32	136

The following table details the proposed changes at the two facilities from the current total number of licensed beds at TL Community and TL Memory Care to the proposed number of licensed beds at the Twin Lakes CCRC upon completion of both projects.

Project ID #G-11968-20 / TL Community (Cole Creek Healthcare Building)	NF Beds	ACH Beds	Total Beds
Current Total Number of Licensed Beds at TL Community	100	4	104
Policy NH-2/LTC-1 Beds (closed/restricted to CCRC residents)	(3) -4	(2) -2	-6
Unrestricted (open to non-CCRC residents)	(1) +8	(2) -2	+6
Total Change in Number of Beds	+4	-4	0
Total Number of Beds at TL Community Upon Completion of Both Projects	104	0	104
Project ID #G-11951-20 / TL Memory Care (Moneta Springs Memory Care Building)	NF Beds	ACH Beds	Total Beds
Current Total Number of Licensed Beds at TL Memory Care	16	16	32
Policy NH-2/LTC-1 Beds (closed/restricted to CCRC residents)	(3) -8	(2) +2	-6
Unrestricted (open to non-CCRC residents)	(1) -8	(2) +2	-6
CON for 12 LTC-1 beds (restricted to CCRC residents)		(4) +12	+12
Total Change in Number of Beds	-16	+16	0
Total Number of Beds at TL Memory Care Upon Completion of Both Projects (16 SCU Beds)	0	32	32
Total Number of Licensed NF and ACH Beds at Twin Lakes CCRC Upon Completion of Both Projects	104	32	136

- (1) Shift 8 NF (Open/Unrestricted) beds from TL Memory Care to TL Community
- (2) Shift 2 LTC-1 (closed/restricted) ACH beds and 2 Open/Unrestricted ACH beds from TL Community to TL Memory Care
- (3) Drop license for 12 NH-2 (closed/restricted) beds - 4 from TL Community and 8 from TL Memory Care
- (4) Apply for CON to develop 12 new licensed LTC-1 (closed/restricted) ACH beds at TL Memory Care

On page 22, the applicant states that it believes the proposals will result in improved alignment between services offered and the care needs of the residents in each building. The net number of licensed beds will not change, but with approval of the two companion applications, the result will be an increase in the number of ACH beds by 12 and a decrease in the number of

Policy NH-2 NF beds by 12, with all NF beds being in Coble Creek Healthcare and all ACH beds being in Moneta Springs Memory Care to better meet the needs of the CCRC residents.

This application proposes to develop no more than 12 additional LTC-1 beds, relocate two Policy LTC-1 (closed/ available to only CCRC residents) ACH beds and two unrestricted (open /available to non-CCRC residents) ACH beds from TL Community to TL Memory Care, and delicense eight Policy NH-2 beds for a total of 32 ACH beds (28 Policy LTC-1 beds (available to only CCRC residents and four ACH beds available to CCRC and non-CCRC residents) upon the completion of this project and Project ID #G-11968-20 (Relocate no more than eight NF beds from Twin Lakes Memory Care, and delicense four Policy NH-2 beds for a total of no more than 104 NF beds upon project completion). As noted in the table above 16 of the proposed 32 ACH beds will be SCU Alzheimer's/dementia ACH beds.

The information is reasonable and adequately supported for the following reasons:

- The companion applications seek to house all NF residents in one facility and all ACH residents in the other facility, thereby better serving the residents' needs.
- Many of the CCRC residents are Alamance County residents and Alamance County is aging more rapidly than the state average.
- The applicant states there is currently a high demand for the ACH beds among the CCRC residents, and it expects demand for CCRC contracts to continue to grow as more homes are developed in the CCRC.

Projected Utilization

In supplemental information requested by the Agency, the applicant provides the historical, interim and projected utilization at TL Memory Care FID #061418, as summarized in the following table.

	Prior Year FY2019	Interim Year FY2020	Projected FY2021	Projected FY2022	Projected FY2023
# of General NF Beds	NA	NA	0	0	0
Days of Care	NA	NA	0	0	0
Occupancy Rate	NA	NA	0%	0%	0%
# of SCU NF Beds	16	16	0	0	0
Days of Care	5,717	5,429	0	0	0
Occupancy Rate	98%	93%	0%	0%	0%
Total # NF Beds	16	16	0	0	0
Days of Care	5,717	5,429	0	0	0
Occupancy Rate	98%	93%	0%	0%	0%
# General ACH Beds	NA	NA	16	16	16
Days of Care	NA	NA	5,110	5,110	5,110
Occupancy Rate	NA	NA	88%	88%	88%
# of SCU ACH Beds	16	16	16	16	16
Days of Care	5,758	5,626	5,110	5,110	5,110
Occupancy Rate	99%	96%	88%	88%	88%
Total # ACH Beds	16	16	32	32	32
Days of Care	5,758	5,626	10,220	10,220	10,220
Occupancy Rate	99%	96%	88%	88%	88%

In Section Q Form C of the supplemental information requested by the Agency, the applicant provides the assumptions and methodology used to project utilization, as summarized below.

- Fiscal years run from October 1 through September 30.
- Prior full fiscal year is based on operations for the 12 months ending September 30, 2019
- Interim full fiscal year is based on annualized operations from year-to-date data as of July 31, 2020.
- Proposed project to be complete September 30, 2020 with services offered beginning October 1, 2020.

Projected utilization is reasonable and adequately supported for the following reasons:

- Projected utilization is based upon, and supported by, the historical utilization of the facility.
- The applicant’s utilization projections are supported by the expansion of the IL portion of the CCRC.
- The applicant’s utilization projections are supported by the historical and projected growth and aging of the Alamance County population, particularly for older patient populations.

Access

In Section C.8, page 27, the applicant states:

“All of the facilities on the Twin Lakes campus comply with the North Carolina Construction Code, the American with Disabilities Act, and all applicable local ordinances. Our organization and the entire CCRC are focused on and designed to address the needs of older adults.

...

Our community is committed to serving people whose income and assets are not otherwise sufficient to afford the cost of living in our community, and approximately ten percent of our residents receive financial assistance from the organization.”

In Section L, page 48, the applicant projects the payor mix for the third full fiscal year following development of the project, as summarized below.

ACH Beds Payor Mix
SERVICES AS PERCENT OF TOTAL PATIENT DAYS
FY2023

PAYOR CATEGORY	GENERAL BEDS	SCU BEDS	TOTAL ACH BEDS
Private Pay	44%	44%	88%
Insurance*	1%	1%	2%
Medicare*	0%	0%	0%
Medicaid*	0%	0%	0%
Other^	5%	5%	10%
Total	50%	50%	100%

*Including any managed care plans

^Other is specified as Subsidy

The projected payor mix is reasonable and adequately supported based on the following:

- Projected payor mix is based on the applicant’s experience at the existing facility.
- The facility operates with a waiting list for placement of patients.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.

- The applicant adequately explains why the population to be served needs the services proposed in this application.
 - Projected utilization is reasonable and adequately supported for all the reasons described above.
 - The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services and adequately support its assumptions for all the reasons described above.
- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds from TL Memory Care to TL Community).

In Section D, page 31, the applicant states that the net number of licensed beds will not change, but with approval of the two companion applications, the result will be an increase in the number of ACH beds by 12 and a decrease of the number of NF by 12. Both the additional ACH beds and the decreased NF beds are licensed to permit care only for holders of contracts with the Twin Lakes CCRC, thus, the changes will not affect the access to care for members of the broader, non-CCRC community. The applicant further states its belief that the change will better align with the care needs of its contract holders and will address the ongoing needs as evidenced by a waiting list for the memory care facility and the absence of a waiting list for the NF, other than for Medicaid beds, which are not affected by the changes requested in the proposed companion applications.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

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

C

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds eight NF beds from TL Memory Care to TL Community).

In Section E, page 33, the applicant states that the only alternative is to maintain the status quo and further states:

“As noted above in our response to question 7 in section B we have operated our MC/SCU at capacity for 12 years, and have had a lengthy wait list for most of that time. We believe this change will better align with the care needs of our contract holders, and will address the ongoing needs as evidenced by a waiting list for our memory care facility and the absence of a waiting list for our NF.”

The applicant adequately demonstrates that the alternative proposed in this application is the most effective and least costly alternative to meet the identified need for the following reasons:

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Lutheran Retirement Ministries of Alamance County, North Carolina (hereinafter certificate holder) shall materially comply with all representations made in the application and any supplemental responses. In the event that representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall add no more than 12 adult care home beds pursuant to Policy LTC-1, relocate no more than 4 adult care home beds (2 LTC-1 beds and 2 unrestricted) from Twin Lakes Community and delicense 8**

Policy NH-2 beds for a total of no more than 32 adult care home beds upon completion of this project and Project ID #G-11968-20.

- 3. The 14 Policy LTC-1 adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 4. The 14 Policy LTC-1 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 14 Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units and nursing care beds.**
- 6. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at:
<https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on May 1, 2021. The second progress report shall be due on August 1, 2021 and so forth.**
- 7. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 8. For the first two years of operation following completion of the project, the certificate holder shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q 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.**

9. **No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. **Payor mix for the services authorized in this certificate of need.**
 - b. **Utilization of the services authorized in this certificate of need.**
 - c. **Revenues and operating costs for the services authorized in this certificate of need.**
 - d. **Average gross revenue per unit of service.**
 - e. **Average net revenue per unit of service.**
 - f. **Average operating cost per unit of service.**
10. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20.

Capital and Working Capital Costs

In supplemental information requested by the Agency, the applicant confirms that the proposed project will have no capital or working capital costs.

Financial Feasibility

In supplemental information requested by the Agency, the applicant provides pro forma financial statements for the prior year, interim year, and the first three full fiscal years of operation for the first three years following completion of the total project (FY2021-FY2023). The applicant projects that operating expenses will exceed revenues in each full fiscal year following the completion of the project, as shown in the table below, which summarizes the applicant's pro forma financial statements provided in the supplemental information.

	FY2019*	FY2020*	FY2021	FY2022	FY2023
ACH Beds					
Projected # of Patient Days	11,475	11,055	10,220	10,220	10,220
Gross Revenue	\$3,413,059	\$3,598,200	\$3,696,025	\$3,797,274	\$3,902,066
Deductions from Gross Revenue	\$318,290	\$612,900	\$634,352	\$656,554	\$679,533
Net Patient Revenue	\$3,094,769	\$2,985,300	\$3,061,674	\$3,140,720	\$3,222,533
Projected Average Net Revenue Per Patient Day	\$270	\$270	\$296	\$371	\$315
Total Operating Expenses	\$3,877,473	\$4,672,813	\$4,836,362	\$5,005,635	\$5,180,832
Avg Operating Expense / Pt Day	\$338	\$423	\$473	\$490	\$507
ACH Net Income	(\$782,704)	(\$1,687,513)	(\$1,774,688)	(\$1,864,914)	(\$1,958,299)

*Includes NF beds prior to the development of the proposed project.

In Section Q, following the pro forma financial statements in the requested supplemental information, the applicant provides the assumptions for the development of the pro forma financial statements.

In supplemental information requested by the Agency, the applicant explains The Lutheran Retirement Ministries of Alamance County, North Carolina’s structure as a CCRC providing independent living, assisted living, skilled nursing and memory care. The applicant states:

“We have a history of fulfilling our obligations to our residents and operate in a fiscally conservative manner. We have a strong financial position and our board of directors has an operating philosophy consistent with maintaining our financial strength. The majority of our residents, more than 530, reside in Independent Living. In addition to an entrance fee, these residents pay monthly fees that support the operating budget of the organization. While we recognize the project for Twin Lakes Memory Care (ID #G-11951-20) outlined in our application will not be profitable for this specific facility (FID#061418), as a non-profit CCRC all of our earnings from every level of care are reinvested directly in to our community, including the support for Twin Lakes Memory Care.”

In the supplemental information requested by the Agency, the applicant provides the 2019 Audited Financial Statement for Lutheran Retirement Ministries of Alamance County, North Carolina, documenting its strong financial position and the availability of funds for the operating needs of the Twin Lakes Memory Care facility.

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

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that there will be no capital costs or working capital based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds from TL Memory Care to TL Community).

On page 205, the 2020 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Twin Lakes is located in Alamance County. Thus, the service area for this proposal is Alamance County. Facilities may also serve residents of counties not included in their service area.

On pages 243 of the 2020 SMFP, Table 11E documents that TL Memory Care has 16 existing ACH beds located in the Twin Lakes CCRC. Based on data reported in Table 10A, page 178 TL Memory Care currently has a total of 16 NF beds, eight of which are Policy NH-2 beds and excluded from the total planning inventory.

In Section G, page 39, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved ACH services in Alamance County. The applicant states:

“For the purposes of this project, only CCRC contract holders will have access to the 12 new ACH beds, and the proposed ACH beds will not be certified for participation in the Medicaid program and will not serve State-County Special Assistance recipients.”

Of the four ACH beds proposed to be relocated from TL Community, two are Policy LTC-1 beds and will continue to be used exclusively for CCRC residents and two are unrestricted ACH beds, available to non-CCRC residents. Therefore, TL Memory Care will have 14 new Policy LTC-1 beds to be used exclusively for Twin Lakes CCRC residents and two unrestricted ACH beds which are already a part of the Alamance County ACH inventory. Upon the completion of Project ID #G-11968-20, eight NF beds will be relocated from TL Memory Care to TL Community.

The applicant adequately demonstrates that the 12 new Policy LTC-1 ACH beds, the relocated two Policy LTC-1 beds and the relocated two unrestricted ACH beds will not result in an unnecessary duplication of the existing or approved services in Alamance County for the following reasons:

- The proposal does not increase the inventory of ACH beds available to Alamance County residents, only to residents of the CCRC.
- The ACH beds to be relocated exist in the Alamance County ACH inventory.
- The applicant adequately demonstrates the need for the 12 new Policy LTC-1 beds and the relocated ACH beds from TL Community in addition to the existing ACH beds at TL Memory Care.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 supplemental information requested by the Agency, the applicant provides the current and projected staffing for the proposed services in full-time equivalent (FTE) positions, as summarized in the following table.

**Twin Lakes Memory Care
 Current and Projected FTE Positions**

FTE Position	Current FTE Staff As of 7/31/2020	Projected FTE Staff 2nd Full FY (FY2023)
RNs	4.8	4.8
LPNs	2.0	2.0
Aides	17.3	17.3
DON	1.0	1.0
MDS Nurse	0.9	0.9
Clerical	1.0	1.0
Dietary	2.3	2.3
Social Services	1.0	1.0
Activities	1.9	1.9
Transportation	0.1	0.1
Laundry & Linen	0.8	0.8
Housekeeping	6.7	6.7
Plant Operation & Maintenance	1.5	1.5
Administration	1.0	1.0
TOTAL	42.0	42.0

Totals may not sum due to rounding

The assumptions and methodology used to project staffing are provided in Section Q Form H in the requested supplemental information. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 40-41, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Exhibit H-4.3, the applicant provides supporting documentation.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- application
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 I, page 42, the applicant states that all ancillary and support services are provided through services already in place at Twin Lakes community, either through Twin Lakes staff or through providers contracted to provide the services. Among the services available to all residents are:

- social services,
- dietary and dietician,
- pastoral care,
- internet access and IT support,
- recreation and life enrichment, and
- physical, occupational and speech therapy.

In Section I, page 42, the applicant describes its existing and proposed relationships with other local health care and social service providers, stating that it is a preferred provider with Cone Health.

The applicant adequately demonstrates that necessary ancillary and support services will be made available and that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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.

NA

The proposed project does not include any construction or renovation.

- (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 ... persons [with disabilities], 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

In supplemental information requested by the Agency, the applicant provides the historical payor mix for FY2019 at Twin Lakes Community, as summarized in the tables below.

**Twin Lakes Memory Care Payor Mix
 FY2019**

PAYOR CATEGORY	NF BEDS AS PERCENT OF TOTAL	SCU ACH BEDS AS PERCENT OF TOTAL
Private Pay	57.8%	100.0%
Insurance*	0.0%	0.0%
Medicare*	0.3%	0.0%
Medicaid*	36.2%	0.0%
Other (Hospice Medicaid and Subsidy)	5.7%	0.0%
Total	100.0%	100.0%

*Including any managed care plans

In supplemental information requested by the Agency, the applicant provides the following comparison.

	Percentage of Total NF Patients Served during the Last Full FY	Percentage of the Population of the Service Area- 2019
Female	64.00%	53.00%
Male	36.00%	47.00%
Unknown	0.00%	0.00%
64 and Younger	3.75%	82.40%
65 and Older	96.25%	17.60%
American Indian	0.00%	0.26%
Asian	0.00%	1.50%
Black or African-American	0.00%	19.00%
Native Hawaiian or Pacific Islander	0.0%	0.04%
White or Caucasian	100.00%	65.00%
Other Race	0.00%	6.00%
Declined/Unavailable	0.00%	0.00%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and

- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and handicapped persons, in Section L, page 47, the applicant states that it has no obligation to provide uncompensated care, community service, or access by minorities and handicapped persons.

In supplemental information requested by the Agency, the applicant states that there have been no patient civil rights equal access complaints filed against Twin Lake Community or Twin Lakes Memory Care during the last five years.

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (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 L, page 48, the applicant projects the payor mix for the third full fiscal year following development of the ACH beds, as summarized below.

**ACH Beds Payor Mix
FY2023
As a Percent of Total ACH Patient Days**

PAYOR CATEGORY	GENERAL ACH DAYS	SCU ACH DAYS	TOTAL ACH DAYS
Private Pay	44%	44%	88%
Insurance*	1%	1%	2%
Medicare*	0%	0%	0%
Medicaid*	0%	0%	0%
Other^	5%	5%	10%
Total	50%	50%	100%

*Including any managed care plans

^Other is specified as Subsidy

The applicant projects that 88% of the ACH services will be provided to private-pay patients and 10% to subsidy beneficiaries during the third full fiscal year following completion of the project.

In Section L.3, page 48, the applicant provides the assumptions and methodology used to project payor mix, stating that it uses the historical facility experience to project future payor mix.

The projected payor mix is reasonable and adequately supported for the following reasons:

- The projected payor mix is based on the facility's payor mix historical experience
- The applicant does not expect payor sources to change in the future.

Conclusion

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 L, pages 48-49, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 supplemental information requested by the Agency, the applicant describes the extent to which health professional training programs in the area currently have and will continue to have access to the facility for training purposes.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, 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

The applicant proposes to develop no more than 12 new ACH beds pursuant to Policy LTC-1, relocate no more than four ACH beds from TL Community, and delicense eight Policy NH-2 beds for a total of 32 ACH beds at its existing TL Memory Care upon completion of this project and Project ID #G-11968-20 (relocate eight NF beds from TL Memory Care to TL Community).

On page 205, the 2020 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Twin Lakes is located in Alamance County. Thus, the service area for this proposal is Alamance County. Facilities may also serve residents of counties not included in their service area.

On pages 243 of the 2020 SMFP, Table 11E documents that TL Memory Care has 16 existing ACH beds located in the Twin Lakes CCRC. Based on data reported in Table 10A, page 178 TL Memory Care currently has a total of 16 NF beds, eight of which are Policy NH-2 beds and excluded from the total planning inventory. The proposed 12 additional LTC-1 beds will be used exclusively for CCRC residents and the proposed beds to be relocated are already part of the existing Twin Lakes CCRC, two of which are Policy LTC-1 beds and will be used exclusively for CCRC residents.

In Section N, page 51, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote cost-effectiveness, quality, and access to the proposed services. In reference to the relocated NF beds, the applicant states that because the proposed project does not increase the number of NF beds in Alamance County, there is no anticipated effect on competition in the proposed service area. The applicant further states:

“The realignment of bed licensure will have a positive impact on the cost effectiveness, quality of care, and access to care for contract holders at Twin Lakes.

...

The project will ensure that the needs of Twin Lakes residents continue to be well-met despite the current growth in IL and the aging of the population.

...

In addition, this project does not affect our community beds, and so members of the broader community will continue to have the same level of access to both facilities that they currently have.”

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections C, F, and Q of the application, any supplemental information requested by the Agency, and any referenced exhibits).

- Quality services will be provided (see Sections C and O of the application, any supplemental information requested by the Agency, and any referenced exhibits).
- Access will be provided to underserved groups (see Section L of the application, any supplemental information requested by the Agency, and any referenced exhibits).

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

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

C

In Section O, page 54, the applicant states that neither of the Twin Lakes facilities have been found to have provided substandard quality of care within the 18-month look-back period. The applicant further states:

“As noted above, both Coble Creek and Moneta Springs are rated as 5-star, or ‘much above average’, which is CMS’s highest rating. For information purposes only, we note that, on its most recent inspection, Moneta Springs did receive one deficiency for improper storage of opened food. The issue was immediately addressed and the state approved our plan or correction. See Exhibit O-3.3 (Tab 5) for a copy of the approved plan of correction.”

After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at the two facilities, the applicant provides 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.

G.S. 131E-183 (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 applicant proposes to add Policy LTC-1 beds and relocate existing licensed adult care home beds from one existing facility to another existing facility in the same CCRC in Alamance County. The Criteria and Standards for Nursing Facility or Adult Care Home Services, which are promulgated in 10A NCAC 14C .1100, are not applicable to this review because the rules do not apply to a proposal to add Policy LTC-1 beds or to relocate existing licensed adult care beds.