

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: March 5, 2020

Findings Date: March 5, 2020

Project Analyst: Tanya M. Saporito

Team Leader: Gloria C. Hale

Project ID #: G-11801-19

Facility: WhiteStone: A Masonic and Eastern Star Community

FID #: 923331

County: Guilford

Applicant: The Masonic and Eastern Star Home of North Carolina, Inc.

Project: Add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds, including 12 existing special care unit beds

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Masonic and Eastern Star Home of North Carolina, Inc., (“the applicant” or MESH) proposes to add 24 adult care home (ACH) beds pursuant to Policy LTC-1 to its existing Continuing Care Retirement Community (CCRC) WhiteStone: A Masonic and Eastern Star Community (“WhiteStone”), for a total of 88 NF and 36 ACH beds at WhiteStone upon project completion. WhiteStone has 152 independent living (IL) units, which are not regulated by certificate of need law.

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 2019 State Medical Facilities Plan (SMFP).

Policies

There are two policies in the 2019 SMFP which are applicable to this review: *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy LTC-1

Policy LTC-1, on page 23 of the 2019 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.2, pages 10 - 12, the applicant provides responses that demonstrate compliance with the requirements of Policy LTC-1, and provides supporting documentation in Exhibits B.7-1 and B.7-2. The applicant adequately demonstrates conformance with the requirements of Policy LTC-1.

Policy GEN-4

Policy GEN-4, on page 31 of the 2019 SMFP, 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, Certificate of Need 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 is required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The proposed capital expenditure for this project is greater than \$5 million. In Section B.11, pages 13 - 15, the applicant describes the multiple energy-efficient mechanisms for the proposed plumbing, mechanical and electrical systems as well as landscaping and architectural features it will utilize to assure improved energy efficiency and water conservation.

The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4, subject to Condition (6) of Criterion (4).

Conclusion

The Agency reviewed the:

- Application

- 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 and Policy GEN-4 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 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 the number of ACH beds required to meet the current and projected needs of residents with whom the facility has an agreement to provide continuing care.
- 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.
- The applicant provides a written statement that demonstrates that the project includes a plan for energy efficiency and water conservation.

(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

WhiteStone is an existing CCRC comprised of 152 IL units, which are owned by the applicant, MESH. The applicant also owns and operates WhiteStone Care and Wellness Center (WCWC), in which 88 NF beds and the 12 ACH Special Care Unit (SCU) beds are located. The applicant proposes to add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds upon project completion, and to renovate the NF portion of WCWC to convert some of the semi-private NF beds to private NF beds. In Section A.7, page 9, the applicant identifies the manager of the facility as Life Care Services, LLC.

Patient Origin

On page 219, the 2019 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Thus, the service area for this proposal is Guilford County. Facilities may also serve residents of counties not included in their service area.

In Section C.3, page 22, the applicant provides the following tables to illustrate projected patient origin for both NF and ACH beds in the third full fiscal year of operation (CY 2024):

WhiteStone Projected NF Patients, Third Full FFY

COUNTY*	# NF PATIENTS	% OF TOTAL
Guilford	54	80.9%
Forsyth	3	4.0%
Alamance	2	3.0%
Chatham	1	1.5%
Brunswick	1	1.5%
Buncombe	1	1.5%
Johnston	1	1.5%
Mecklenburg	1	1.5%
Randolph	1	1.5%
Yadkin	1	1.5%
Other/Unknown	1	1.5%
Total	67	100.0%

*On page 22, the applicant states 85 of the 88 NF beds are available to patients from outside the CCRC community.

WhiteStone Projected ACH Patients, Third Full FFY

COUNTY*	GENERAL ACH BEDS		SCU ACH BEDS	
	# PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Guilford	20	100.0%	11	90.0%
Forsyth	0	0.0%	1	5.0%
Other/Unknown	0	0.0%	1	5.0%
Total	20	100.0%	13*	100.0%

*The applicant indicates the total is 12; however, the Project Analyst determined that total to be a typographical error.

In Section C.3, page 22, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.4, pages 23 - 24, the applicant explains why it believes the population projected to utilize the proposed ACH services needs the proposed services, as summarized below.

- Historical and projected population growth and population aging in the Guilford County service area (page 23).
- The preference of current CCRC residents for private rooms as opposed to semi-private rooms and for higher levels of care (pages 23 - 24).
- The historical and projected utilization of the applicant’s existing NF and ACH beds (pages 23 - 24).
- Current and projected need for aging in place accommodations for residents of the CCRC (page 23).

The information in the pages referenced above is reasonable and adequately supported for the following reasons:

- The applicant provides statistical data from the North Carolina Office of State Budget and Management (NCOSBM) showing historical population and projecting the growth and aging of the Guilford County population.
- The applicant provides documentation of its historical NF and ACH beds utilization which supports its utilization projections for the proposed NF and ACH beds.

Projected Utilization

In Section Q, Form C, page 71, the applicant provides projected utilization, as summarized in the table below.

Projected Utilization of WCWC

	CY 2018	INTERIM CY 2019	INTERIM CY 2020	INTERIM CY 2021	1 ST FULL FFY (CY 2022)	2 ND FULL FFY (CY 2023)	3 RD FULL FFY (CY 2024)
Nursing Facility Beds							
Total Beds	88	88	88	88	88	88	88
Patient Days	30,143	27,452	17,245	22,412	24,561	24,561	24,561
Occupancy Rate	94%	85%	54%	70%	76%	76%	76%
Adult Care Home Beds							
Total Beds	12	12	12	36	36	36	36
Patient Days	4,319	4,319	4,319	9,630	10,081	10,845	11,637
Occupancy Rate	99%	99%	99%	73%	77%	83%	89%

In Section Q, Form C, page 66, the applicant provides the assumptions and methodology used to project utilization. On page 66, the applicant states,

“Some SNF beds will be taken offline for construction/renovation from 2020 to 2021 reducing the occupancy rates. ACH/SCU utilization is projected to be constant during the interim period.

...

Demand for internal IL patients from existing units and planned new 67 IL units is based on the Pop Flow actuarial studies done by Milman Robertson and internal LCS actuaries. Existing demand based on assessment of IL resident needs for supportive care, mobility, and home care support as well as ability to step down SNF patients. Currently some SNF demand is created by the inability for patients to step down to general ACH level care following injury or illness. The new general ACH beds will [eliminate] this demand. Following renovation, it is assumed that some beds will be available as private or semi-private rooms available for couples, this limits the availability of all 88 beds. The projected occupancy rate is lower than the historical occupancy rate for this reason. In addition, WhiteStone will be able to serve a smaller level of patient demand from outside the CCRC community.”

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

- Projected utilization is based upon, and supported by, the historical utilization of the NF and ACH beds at WhiteStone.
- Projected utilization is supported by projected population growth and aging of the Guilford County service area and of the CCRC community itself.

Access

In Section C.8, page 27, the applicant states WCWC will provide access to all of its services to all persons, and specifically emphasizes access to the elderly, handicapped persons, women, and other groups. The applicant states: *“The Community and WCWC do not discriminate against any persons including those of racial and ethnic minorities.”* In Section L.3, page 54, the applicant projects the payor mix for the ACH and NF beds at WhiteStone in the third year of the project (FY 2024), as summarized in the tables below:

NF Beds Third Full FFY (CY 2024)

PAYOR SOURCE	# NF PATIENT DAYS	% OF TOTAL DAYS
Private Pay	13,042	53.10%
Insurance*	2,358	9.60%
Medicare*	5,321	21.30%
Medicaid*	3,930	16.00%
Total	24,561	100.00%

ACH Beds Third Full FFY (CY 2024)

PAYOR SOURCE	# ACH PATIENT DAYS	# SCU ACH PATIENT DAYS	TOTAL ACH PATIENT DAYS	% OF TOTAL PATIENT DAYS
Private Pay	7,318	4,319	11,637	100.00%
Total	7,318	4,319	11,637	100.00%

*The “total” table column headings provided by the applicant show “NF”; however, the Project Analyst determined that this is a typographical error.

In Section Q, Form C, page 75, the applicant states project payor mix is based on the historical experience of WCWC. The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose the reduction or elimination of a service. Therefore, Criterion (3a) is not applicable to this review.

- (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 add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds upon project completion, and to renovate the NF portion of WCWC to convert some of the semi-private NF beds to private NF beds.

In Section E.3, page 33, the applicant states the only alternative it considered is to maintain the status quo. The applicant states this alternative would mean that WCWC would continue to operate as it has been, which is not feasible. The applicant proposes to add additional IL units to the Community, and the projected population growth in the service area, combined with the growth in the Community indicate a need for additional ACH capacity at the Community.

On page 33, the applicant states this proposal to convert some of the existing semi-private NF beds to private beds and to add ACH beds is the most effective alternative because it best satisfies the needs and demands of the residents of the CCRC who desire to age in place.

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

- The alternative will address the need for need for additional ACH and NF bed capacity for the residents of the CCRC independent living units.

- The proposed project will increase the number of private beds, which are strongly preferred to semi-private beds by the residents of the CCRC who are in need of ACH and NF care.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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. The Masonic and Eastern Star Home of North Carolina, Inc. shall materially comply with all representations made in the certificate of need application.**
- 2. The Masonic and Eastern Star Home of North Carolina, Inc. shall develop no more than 24 additional adult care home beds pursuant to Policy LTC-1 for a total of no more than 36 adult care home beds and 88 nursing facility beds upon completion of the project.**
- 3. The 24 Policy LTC-1 adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 4. The 24 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 24 Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units and nursing care beds.**
- 6. The Masonic and Eastern Star Home of North Carolina, Inc. shall provide documentation that the proposed health services will accommodate the clinical needs of health professional training programs in the area.**
- 7. The Masonic and Eastern Star Home of North Carolina, Inc. shall develop and implement an Energy Efficiency and Sustainability Plan for the project that**

conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.

8. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, The Masonic and Eastern Star Home of North Carolina, Inc. 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.**

9. The Masonic and Eastern Star Home of North Carolina, Inc. 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 add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds upon project completion, and to renovate the NF portion of WCWC to convert some of the semi-private NF beds to private NF beds.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 67, the applicant projects the total capital cost of the project as shown in the table below.

Site Costs	\$2,266,000
Construction Costs	\$19,987,000
Architect/Engineering Fees	\$1,015,000
Landscaping	\$61,000
Furniture	\$1,050,000
Consultant Fees	\$1,234,000
Interest during Construction	\$2,182,000
Financing Costs	\$518,000
Miscellaneous/Other	\$1,141,000
Total	\$29,454,000

*The applicant states consultant fees include development, legal, licensing, zoning and market feasibility consultants. "Other" includes filing and impact fees, general costs and miscellaneous project costs.

In Exhibits F-1.1 and F-1.2, the applicant provides the assumptions used to project the capital cost.

In Section F.3, pages 36 - 37, the applicant projects no start-up costs or initial operating expenses will be incurred because WhiteStone is an existing CCRC.

Availability of Funds

In Section F.2, page 35, the applicant states that the capital cost will be funded as shown in the table below.

SOURCES OF CAPITAL COST FINANCING

TYPE	THE MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INC.	TOTAL
Loans	\$0	\$0
Accumulated reserves or OE *	\$0	\$0
Bonds	\$29,454,000	\$29,454,000
Other	\$0	\$0
Total Financing	\$29,454,000	\$29,454,000

*OE = Owner's Equity

Exhibit F-2.1 contains a letter dated October 7, 2019 from the managing director of Cain Brothers, a division of KeyBanc Capital Markets, documenting the availability of public bond financing to finance the capital costs of the proposed project.

Financial Feasibility

In Section Q, the applicant provided pro forma financial statements through the first three full fiscal years of operation following completion of the project. In Form F.5, the applicant projects that net revenues will exceed operating expense in each of the first three full fiscal years of the project, as shown in the table below.

WHITESTONE REVENUE AND EXPENSES			
	YEAR 1 CY 2022	YEAR 2 CY 2023	YEAR 3 CY 2024
Total Patient Days	34,642	35,406	36,198
Total Gross Revenues	\$9,754,444	\$10,128,341	\$10,521,459
Total Net Revenue	\$9,335,012	\$9,696,332	\$10,076,504
Average Net Revenue/Patient Day	\$269.47	\$273.86	\$278.37
Total Operating Expenses (Costs)	\$8,923,793	\$9,246,083	\$9,552,553
Average Operating Expense/Patient Day	\$257.60	\$261.14	\$263.90
Net Income / (Loss)	\$411,219	\$450,249	\$523,951

Numbers may not sum due to Project Analyst rounding

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
 - 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

WhiteStone is a CCRC comprised of 152 ILUs. WhiteStone also operates a health center, WCWC, which includes 88 nursing facility beds and 12 adult care home beds. The applicant proposes to add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds upon project completion, and to renovate the NF portion of WCWC to convert some of the semi-private NF beds to private NF beds.

On page 219, the 2019 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Thus, the service area for this proposal is Guilford County. Facilities may also serve residents of counties not included in their service area.

On pages 229 - 230 of the 2019 SMFP, Table 11A documents that there are a total of 30 existing or approved facilities in Guilford County that offer or will offer ACH services. The table below is a summary of those 30 facilities in Guilford County, recreated from the 2019 SMFP, Chapter 11, Table 11A (pages 229 - 230) and Table 11C (page 250). There is a projected surplus of 418 ACH beds in 2022 for Guilford County.

2018 ACH INVENTORY AND 2022 NEED PROJECTIONS FOR GUILFORD COUNTY	
# ACH Facilities	30
# Beds in ACH Facilities	1,970
# Beds in Nursing Facilities	113
Total # Licensed Beds	2,083
# CON Approved Beds (License Pending)	0
Total # ACH Beds in Planning Inventory	2,083
Projected Bed Utilization	1,582
Projected Bed Surplus (Deficit)	418

In Section G page 40, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved ACH services in Guilford County. The applicant states:

“The Community is an existing CCRC in Guilford County. Currently, due to its not-for-profit status and mission, WCWC admits and provides care to residents from other healthcare facilities, outside of its CCRC, if they have appropriate documentation. It provides its services to non-continuing care residents with private and commercial insurance as well as Medicaid and Medicare. ...

For the purposes of this project, only members of the CCRC community will have access to the new 24 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....”

The applicant adequately demonstrates that the 24 Policy LTC-1 ACH beds will not result in an unnecessary duplication of the existing or approved services in Guilford County for the following reasons:

- The applicant adequately demonstrates the need that independent living unit residents at WhiteStone will have for the Policy LTC-1 ACH beds at the CCRC.
- The applicant adequately documents that the 24 ACH beds will be used exclusively by people who already reside at the CCRC.
- The applicant adequately demonstrates that the proposed ACH beds are needed in addition to the existing or approved nursing and adult care home beds in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 Section Q, Form H, the applicant provides the current (FY 2019) and projected full-time equivalent (FTE) staffing for the proposed services in the third full fiscal year of operation (FY 2024), as shown in the following table.

WHITESTONE CURRENT AND PROJECTED STAFFING		
Position	CURRENT AS OF 9/30/2019	PROJECTED CY 2024
Registered Nurses	11.00	11.00
Licensed Practical Nurses	19.00	24.60
Aides	60.5	72.45
Director of Nursing	1.00	1.00
MDS Nurse	2.00	2.00
Staff Development Coordinator	1.00	1.00
Clerical	3.00	3.00
Dietary	12.50	17.20
Social Services	2.00	2.00
Activities	4.00	5.00
Housekeeping	8.00	9.40
Administration	7.00	7.00
Totals	131.00	156.65*

*the applicant's total in the table on page 88 is 156; however, the Project Analyst's calculation is reflected in the table. The difference of less than one FTE position is not detrimental to the application.

The assumptions and methodology used to project staffing are provided in Section Q, Form H. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.4, which is found in Section Q. In Section H, pages 42 - 43, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. In Section H.4, page 43, the applicant identifies the medical director for the facility, and Exhibit H-4.3 contains a copy of a letter from the medical director expressing his willingness to serve in that capacity.

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

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.1, page 45, the applicant identifies the ancillary and support services necessary for the proposed services, including therapy services and surgical services available through transfer to Moses H. Cone Memorial Hospital. The applicant adequately explains how each ancillary and support service will be made available and provides supporting documentation in the Exhibits cited.

In Section I.2, page 45, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibits I-1.1 and I-1.2.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- 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. Therefore, Criterion (9) is not applicable to this review.

- (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.

C

In Sections K.1 and K.2, page 48, the applicant states that the project involves constructing 40,200 square feet of new space and renovating 37,500 square feet of existing space. Line drawings are provided in Exhibits K-1.1, K-1.2 and K-1.3.

In Section K.3, pages 48 - 50, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal.

In Section K.3, pages 48 - 50, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

In Section K.3, page 49, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that 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

In Section L.1, page 53, the applicant provides tables showing the historical (CY 2018) payor mix for the ACH and NF beds at WhiteStone, as summarized in the table below.

WHITESTONE HISTORICAL PAYOR MIX FY 2018		
PAYOR SOURCE	NF % OF PATIENT DAYS	ACH % OF PATIENT DAYS
Private Pay	51.70%	100.00%
Insurance*	6.00%	0.00%
Medicare*	26.60%	0.00%
Medicaid*	15.70%	0.00%
Totals*	100.00%	100.00%

*Includes managed care plans.

In Section L.4, page 55, the applicant states, “...individuals making use of the beds proposed in this project are paid members of the community.”

In Section L, page 52, the applicant provides the following comparison:

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY2019	Percentage of the Population of the Service Area
Female	66.1%	52.5%
Male	33.9%	47.5%
Unknown	0.0%	0.0%
64 and Younger	2.4%	84.6%
65 and Older	97.6%	15.4%
American Indian	0.0%	0.6%
Asian	0.0%	5.1%
Black or African-American	3.8%	34.5%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	92.9%	52.8%
Other Race	3.2%	7.0%
Declined / Unavailable	0.0%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, 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 handicapped persons 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 persons with disabilities, in Section L.2, page 53, the applicant states it is under no obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons.

In Section L.2(d), page 54, the applicant states that no civil rights access complaints have been filed against WhiteStone.

The Agency reviewed the:

- Application
- Exhibits to the application

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.3, page 54, the applicant projects the payor mix for the ACH and NF patients at WhiteStone in the third year of the project (FY 2024), as summarized in the table below:

WHITESTONE HISTORICAL PAYOR MIX FY 2018		
PAYOR SOURCE	NF % OF PATIENT DAYS	ACH % OF PATIENT DAYS
Private Pay	53.10%	100.0%
Insurance*	9.60%	0.00%
Medicare*	21.30%	0.00%
Medicaid*	16.00%	0.00%
Totals*	100.00%	100.00%

*Includes managed care plans.

In Section Q, Form C, page 66, the applicant states project payor mix is based on the historical experience of the health center. Policy LTC-1 requires the applicant to use the proposed additional ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The policies also prohibit the applicant from participation in the Medicaid program and serving State-County Special Assistance recipients in the Policy LTC-1 beds.

The projected payor mix is reasonable and adequately supported because the proposed Policy LTC-1 ACH beds are prohibited from participation in the Medicaid program or the State-County Special Assistance program.

The Agency reviewed the:

- Application
- 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.5, page 55, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- 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.

CA

In Section M.1, page 56, the applicant states: “*Not applicable*”.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant does not adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion subject to Condition number 6 in Criterion (4).

- (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

WhiteStone is a CCRC comprised of 152 ILUs. WhiteStone also operates a health center, WCWC, which includes 88 nursing care beds and 12 adult care home beds. The applicant proposes to add 24 ACH beds pursuant to Policy LTC-1 for a total of 36 ACH beds upon project completion, and to renovate the NF portion of WCWC to convert some of the semi-private NF beds to private NF beds.

On page 219, the 2019 SMFP defines the service area for adult care home beds as the county in which the adult care home bed is located. Thus, the service area for this proposal is Guilford County. Facilities may also serve residents of counties not included in their service area.

On pages 229 - 230 of the 2019 SMFP, Table 11A documents that there are a total of 30 existing or approved facilities in Guilford County that offer or will offer ACH services. The table below is a summary of those 30 facilities in Guilford County, recreated from the 2019 SMFP, Chapter 11, Table 11A (pages 229 - 230) and Table 11C (page 250). There is a projected surplus of 418 ACH beds in 2022 for Guilford County.

2018 ACH INVENTORY AND 2022 NEED PROJECTIONS FOR GUILFORD COUNTY	
# ACH Facilities	30
# Beds in ACH Facilities	1,970
# Beds in Nursing Facilities	113
Total # Licensed Beds	2,083
# CON Approved Beds (License Pending)	0
Total # ACH Beds in Planning Inventory	2,083
Projected Bed Utilization	1,582
Projected Bed Surplus (Deficit)	418

In Section N, page 57, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition will promote the cost-effectiveness, quality and access to the proposed services.

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 F, K, N and Q),
- Quality services will be provided (see Sections N and O of the application and any exhibits), and
- Access will be provided to underserved groups (see Sections C and L of the application and any exhibits).

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 Form A, the applicant identifies WCWC as the only facility located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O.3, pages 59 - 60 and in Exhibit O-3 the applicant states that, during the 18 months immediately preceding the submittal of the application, there were a few incidents related to quality of care that occurred at this facility. On page 60, the applicant states that, as of the fourth quarter of 2018 all deficiencies were corrected and the facility was and remains back in compliance. According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred at this facility. 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 facility, the applicant provided 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 applicant proposes to develop ACH beds pursuant to Policy LTC-1. The Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100 are not applicable to this review because beds added pursuant to Policy LTC-1 are used exclusively to meet the needs of people with whom the facility has continuing care contracts who have lived in a non-nursing unit of the center for a period of at least 30 days.