

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: August 8, 2023

Findings Date: August 8, 2023

Project Analyst: Terris Riley

Co-Signer: Lisa Pittman

Project ID #: B-12363-23

Facility: The Laurels at Summit Ridge

FID #: 923279

County: Buncombe

Applicant(s): The Laurels at Summit Inn, LLC  
Summit Ridge Senior Leasing, Inc.

Project: Cost Overrun (COR) for Project ID #B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds))

### 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.

NA

The Laurels of Summit Inn, Inc. and Summit Ridge Senior Leasing, LLC, collectively referred to as “the applicant” proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

### **Need Determination**

A certificate of need was issued on June 21, 2022, for Project ID# B-12122-22 and authorized a capital expenditure of \$50,357. The current application proposes a capital cost increase of \$150,000, a 66.4% increase over the previously approved capital expenditure, for a total combined expenditure of \$200,357.

The original project did not involve a need determination in the 2022 State Medical Facilities Plan (SMFP) applicable to Project ID# B-12182-22 and the applicant proposes no changes in the current application which would affect that determination. The applicant does not propose to increase the number of licensed beds in any category, add any new health services, or acquire equipment for which there is a need determination in the 2023 SMFP. Therefore, there are no need determinations applicable to this review.

### **Policies**

In Section B, pages 24-25, the applicant explains why there are no policies in the 2023 SMFP that are applicable to this review.

### **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 following reasons:

- The applicant does not propose to develop any services for which there is a need determination in the 2023 State Medical Facilities Plan (SMFP).
- The applicant adequately demonstrates that there are no policies applicable to this review.

- (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 a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

A certificate of need was issued on June 23, 2022, for Project ID# B-12182-22 and authorized a capital cost of \$50,357. The current application proposes a capital cost increase of \$150,000 over the previously approved capital cost for a total combined capital cost of \$250,357. The cost overrun application is necessary due to the necessity for more extensive electrical modification than what was anticipated in the original project.

**Patient Origin**

On page 139, the 2023 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Thus, the service area for this facility consists of Buncombe County. Facilities may also serve residents of counties not included in their service area.

In Project ID# B-12182-22, the Agency determined the applicant had adequately identified the projected patient origin for the facility. The applicant proposes no changes in the current application which would affect that determination.

**Analysis of Need**

In Section Q, Form F.1b, the applicant provides a summary of the capital cost approved in Project ID# B-12182-22, the changes proposed in this application, and the new projected capital cost, as shown in the table below.

| <b>The Laurels at Summit Ridge – Previously Approved &amp; Proposed Capital Cost</b> |   |  |  |
|--|---|--|--|
|  | <b>Previously Approved<br/>(B-12182-22)</b> | <b>New Combined Total<br/>Projected Capital Cost</b> | <b>Net Increase in<br/>Capital Cost<br/>(B-12363-23)</b> |
| Construction/Renovation Contract(s)  | \$15,000                                    | \$155,000  | \$140,000  |
| Architect/Engineering Fees   | \$4,500                                     | \$14,500   | \$10,000   |
| Furniture  | \$28,113                                    | \$28,113   | \$0.00   |
| Other (Contingency, Escalation, Insurance, IT Costs)                                 | \$2,744                                     | \$2,744  | \$0.00   |
| <b>Total Capital Cost</b>  | <b>\$50,357</b>                             | <b>\$200,357</b>                                     | <b>\$150,000</b>   |

In Section C, pages 35-36, the applicant explains why it believes the proposed increase in capital cost is necessary to develop the proposed project:

- Following issuance of the CON for Project ID# B-12182-22, an inspection by the DHHS Construction Section identified additional work necessary to conform electrical capabilities to current code requirements.

- The applicant states that additional planning work was necessary to conform the facility's electrical capabilities to current code requirements.

The information is reasonable and adequately supported based on the following:

- The applicant adequately explains why additional costs are necessary to develop the proposed project.
- The applicant explains why the changes to the design are necessary to develop the project in a manner compliant with building codes and licensure rules.
- The applicant provides line drawings of the proposed changes in Exhibit C.8.

### Projected Utilization

In Section C, page 38, the applicant states:

*“Projected utilization is not expected to be different from what it was projected in the previously approved project.”*

### Access to Medically Underserved Groups

The application for Project ID# B-12182-22, adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed services. The applicant proposes no changes in the current application which would affect that determination.

### Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 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.

NA

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service in this application. 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 a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

In Section E, page 44, the applicant states that the only cost-effective alternative for this project is to improve the electrical systems to get it in compliance with current code requirements.

*“...the applicants assumed modifications would include only minor electrical work for additional outlets. Once work began to relocate the beds, and upon inspection by the DHHS Construction Section, it was determined that the areas which will house the relocated beds were required to be modified to bring these areas into compliance with current codes.”*

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

- The applicant does not propose to change the scope of the previously approved Project ID# B-12182-22.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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. Therefore, the application is approved subject to the following conditions:

- 1. The Laurels at Summit Inn, LLC and Summit Ridge Senior Leasing, Inc (hereinafter certificate holder) shall materially comply with the representations in this application, and the representations in Project ID# B-12182-22. Where representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall relocate no more than eight nursing facility (NF) beds from The Laurels of GreenTree Ridge to the Laurels of Summit Ridge in Buncombe County, for a total of no more than 68 NF beds and 23 ACH beds at The Laurels of Summit Ridge, upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds to Buncombe Senior Living).**
- 3. Upon completion of the project, The Laurels of Summit Ridge shall be licensed for no more than 68 NF beds and 23 ACH beds.**
- 4. The approved combined capital expenditure for both Project ID# B-12182-22 and this project is \$200,357, an increase of \$150,000 over the previously approved capital expenditure of \$50,357 in Project ID# B-12182-22.**
- 5. 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.**
- 6. For the first three years of operation following completion of the project, the certificate holder shall not increase charges more than 5% of the charges projected 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.**
- 7. 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. The first progress report shall be due on January 1, 2024.**
- 8. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

In Section Q, Form F.1b, the applicant provides a summary of the capital cost approved in Project ID# B-12182-22, the changes proposed in this application, and the new projected capital cost, as shown in the table below.

| <b>The Laurels at Summit Ridge – Previously Approved &amp; Proposed Capital Cost</b> |   |  |  |
|--|---|--|--|
|  | <b>Previously Approved<br/>(B-12182-22)</b> | <b>New Combined Total<br/>Projected Capital Cost</b> | <b>Net Increase in<br/>Capital Cost<br/>(B-12363-23)</b> |
| Construction/Renovation Contract(s)  | \$15,000                                    | \$155,000  | \$140,000  |
| Architect/Engineering Fees   | \$4,500                                     | \$14,500   | \$10,000   |
| Furniture  | \$28,113                                    | \$28,113   | \$0.00   |
| Other (Contingency, Escalation, Insurance, IT Costs)                                 | \$2,744                                     | \$2,744  | \$0.00   |
| <b>Total Capital Cost</b>  | <b>\$50,357</b>                             | <b>\$200,357</b>                                     | <b>\$150,000</b>   |

In Section C, pages 35-36, the applicant explains why it believes the proposed increase in capital cost is necessary to develop the proposed project:

- Following issuance of the CON for Project ID #B-12182-22, an inspection by the DHHS Construction Section identified additional work necessary to conform electrical capabilities to current code requirements.
- The applicant states that additional planning work was necessary to conform the facility’s electrical capabilities to current code requirements.

The information is reasonable and adequately supported based on the following:

- The applicant adequately explains the reasons additional costs are necessary to develop the proposed project.
- The applicant explains why the changes to the design are necessary to develop the project in a manner compliant with building codes and licensure rules.
- The applicant provides line drawings of the proposed changes in Exhibit C.8.

### **Availability of Funds**

In Project ID# B-12182-22, the Agency determined that the applicant adequately demonstrated it had sufficient funds available for the capital needs of the project in the amount of \$50,357. The current application proposes a capital cost increase of \$150,000 over the previously approved capital cost.

Exhibit F.5 contains a letter dated April 12, 2023, from the Chief Financial Officer for Laurels Health Care Company stating that Laurel Health Care Company will provide up to \$230,000 in Cash and Cash Equivalents for the proposed project.

Exhibit F.5 contains the Deposit Accounts Activity Summary from CIBC Bank for LHCC. for the month of April 2023. As of April 11, 2023, LHCC had adequate cash and assets to fund the original CON-approved costs and the proposed increase in the projected capital and working capital cost.

The applicant adequately demonstrates the availability of sufficient funds for the original CON-approved costs and the proposed increase in the projected capital and working capital cost based on the following:

- The applicant provides a letter from an appropriate company officer confirming the availability of the funding proposed for the capital and working capital needs of the project and a commitment to use that funding accordingly.
- The applicant provides adequate documentation of the availability of accumulated reserves it proposes to use to fund the capital needs of the project.

### **Financial Feasibility**

In Project ID# B-12182-22, the applicant projected revenues would exceed operating expenses during the first full fiscal year of operation following project completion. The Agency determined Project ID# B-12182-22 had demonstrated the financial feasibility of the proposal was based on reasonable projections of costs and charges.

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses beginning in the first full fiscal year following completion of the project, as shown in the table below.

| The Laurels of Summit Ridge<br>(Entire Facility) | 1 <sup>st</sup> Full Fiscal<br>Year | 2 <sup>nd</sup> Full Fiscal<br>Year | 3 <sup>rd</sup> Full Fiscal<br>Year |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
|  | CY 2024                             | CY 2025                             | CY 2026                             |
| Total Patient Days                               | 30,876                              | 30,876                              | 30,876                              |
| Total Gross Revenues (Charges)                   | \$9,967,586                         | \$10,097,674                        | \$10,109,129                        |
| Total Net Revenue                                | \$9,892,417                         | \$10,021,524                        | \$10,032,892                        |
| Average Net Revenue per Patient Day              | \$320                               | \$325                               | \$325                               |
| Total Operating Expenses (Costs)                 | \$9,008,095                         | \$9,196,037                         | \$9,383,491                         |
| Average Operating Expense per Patient Day        | \$292                               | \$298                               | \$304+                              |
| Net Income                                       | \$884,322                           | \$825,487                           | \$649,401                           |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2b in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly identifies the sources of data used to project revenues and expenses.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

- (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 a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

On page 139, the 2023 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Thus, the service area for this facility consists of Buncombe County. Facilities may also serve residents of counties not included in their service area.

In Section G, page 55, the applicant states it does not propose to add any service components or services in this application that were not previously approved in Project ID# B-12182-22.

Project ID# B-12182-22 was conforming with this criterion and the applicant proposes no changes in the application as submitted which would affect that determination.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 all the reasons described 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

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

The application for Project ID# B-12182-22 adequately demonstrated the availability of resources, including health manpower and management personnel to provide the proposed services and no changes are proposed in this application which would affect that determination.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

The application for Project ID# B-12182-22 adequately demonstrated the availability of the ancillary and support services necessary to the provision of the proposed services and adequately demonstrated the proposed services would be coordinated with the existing healthcare system and no changes are proposed in this application which would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

In Section K, page 61, the applicant states that there have been no changes to the size of the facility from that approved in Project ID# B-12182-22. The applicant states it made changes in design and construction plans to meet applicable codes and regulations. The applicant provides line drawings in Exhibit K.5.

On page 62, the applicant states that electrical modifications are necessary to ensure the associated facility spaces conform to current codes.

On page 62, the applicant states that the proposal will not increase the costs to the applicant of providing the proposed services or the costs and charges to the public from that approved in Project ID# B-12182-22.

Project ID# B-12182-22 was conforming with this criterion and the applicant proposes no changes in the application as submitted which would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 all the reasons described above.

- (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

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

Project ID# B-12182-22 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

Project ID# B-12182-22 was found conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

Project ID# B-12182-22 was found conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

Project ID# B-12182-22 was found conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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

The applicant proposes a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

Project ID# B-12182-22 adequately demonstrated that the proposed health services will accommodate the clinical needs of health professional training programs in the area. The applicant proposes no changes in the current application which would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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.

- (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 a cost overrun (COR) for Project ID# B-12182-22 (Relocate no more than 8 NF beds from the Laurels of GreenTree Ridge for a total of no more than 68 NF beds and 23 ACH beds upon completion of this project and Project ID# B-11270-16 (relocate 29 ACH beds)).

The application for Project ID# B-12182-22 adequately demonstrated the expected effects of the proposed services on competition and how any enhanced competition would have a positive impact on cost-effectiveness, quality, and access to the services proposed. The applicant proposes no changes in this application which would affect that determination.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 based on the reasons described 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 Q, Form O Facilities, the applicant identifies the related hospital facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 7 facilities located in North Carolina.

In Section O, page 75, the applicant states that, during the 18 months immediately preceding submission of the application, incidents related to quality of care at occurred at one facility. In Section O.4, the applicant states that the facility is back in compliance with all Medicare Conditions of Participation. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 7 facilities, 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.

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 relocate eight existing nursing NF beds from their current location to an existing facility. The Criteria and Standards for Nursing Facility or Adult Care Home Services, promulgated in 10A NCAC 14C .1100, are not applicable to the review because the applicant is not proposing to add new NF or ACH beds to an existing facility or to develop a new facility.