

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: October 17, 2025

Findings Date: October 17, 2025

Project Analyst: Crystal Kearney

Co-Signer: Mike McKillip

Project ID #: M-12664-25

Facility: Highland House Rehabilitation and Healthcare

FID #: 923255

County: Cumberland

Applicants: Liberty Commons Nursing and Rehabilitation Center of Highland House, LLC

Liberty Healthcare Properties of Highland House, LLC

Project: Relocate no more than 38 NF beds from Golden Years Nursing Center for a total of no more than 144 NF beds upon project completion

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

Liberty Commons Nursing and Rehabilitation Center of Highland House, LLC and Liberty Healthcare Properties of Highland House, LLC (hereinafter collectively referred to as “the applicant”) propose to relocate 38 nursing facility (NF) beds from an existing nursing facility, Golden Years Nursing Center, to Highland House Rehabilitation and Healthcare (“Highland House”). Both facilities are located in Cumberland County. Highland House is currently licensed for 106 NF beds and 53 adult care home (ACH) beds. Following project completion, Highland House Rehabilitation and Healthcare will be licensed for 144 NF beds.

The applicant proposes to relocate existing licensed NF beds within Cumberland County. 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 2025

SMFP. Therefore, there are no need determinations applicable to this review. Also, the applicant does not propose to offer a new institutional health source for which there are any polices in the 2025 SMFP. Therefore, Criterion (1) is not 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 to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion. The applicant states it will temporarily cease operation of ACH beds back into service when the 38 NF beds from Golden Years are relocated to Liberty Commons Nursing and Rehabilitation Center of Wake County as part of Project ID# J-12354-23.

Patient Origin

On page 141, the 2025 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicant proposes to relocate existing NF beds within Cumberland County. Thus, the service area for this facility is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical patient origin for both NF beds and ACH beds for FFY 2024 for Highland House Rehabilitation and Healthcare and historical patient origin for Golden Years Nursing Center during the same time period.

Highland House Rehabilitation and Healthcare		
NF Beds		
Last Full FY		
10/01/2023 to 09/30/2024		
County	Historical	
	10/01/2023 to 09/30/2024	
	# of Patients	% of Total
Cumberland	235	92.5%
Harnett	2	0.79%
Hoke	4	1.57%
Johnston	1	0.39%
Robeson	1	0.39%
Sampson	2	0.79%
Unknown	9	3.54%
Total	254	100.00%

Source: Section C, page 28 of the application .

Highland House Rehabilitation and Healthcare ACH Beds Last Full FY 10/01/2023 to 09/30/2024		
County		
	# of Patients	% of Total
Cumberland	2	100.00%
Total	2	100.00%

Source: Section C, page 28 of the application .

Golden Years Nursing Center NF Beds Last Full FY 10/01/2023 to 09/30/2024		
County		
	# of Patients	% of Total
Cumberland	117	100.00%
Total	117	100.00%

Source: Section C, page 28 of the application .

Highland House Rehabilitation and Healthcare ENTIRE FACILITY Last Full FY 10/01/2023 to 09/30/2024		
County		
	# of Patients	% of Total
Cumberland	237	92.58%
Harnett	2	0.78%
Hoke	4	1.56%
Johnston	1	0.39%
Robeson	1	0.39%
Sampson	2	0.78%
Unknown	9	3.52%
Total	256	100.00%

Source: Section C, page 29 of the application .

In Section C, pages 29-30, the applicant provides projected patient origin for the first three years of operation CY2027-CY 2029, for the 144 NF beds for NF beds at Highlands House.

Highland House Rehabilitation and Healthcare						
COUNTY	1ST FULL FY (FFY2027)		2ND FULL FY (FFY2028)		3RD Full FY (FFY2029)	
	# OF PTS.	%OF TOTAL	# OF PTS.	%OF TOTAL	# OF PTS.	%OF TOTAL
Cumberland	384	96.00%	451	96.00%	518	96.00%
Harnett	4	1.00%	5	1.00%	5	1.00%
Hoke	8	2.00%	9	2.00%	11	2.00%
Sampson	4	1.00%	5	1.00%	5	1.00%
Total	400	100.00%	470	100.00%	540	100.00%

Source: Section C, page 29 of the application

In Section C, page 29, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant utilized historical patient origin data to project the number of patients by county.
- The applicant assumes that the facility will serve a greater portion of Cumberland County residents than the current average based on its projected need in Cumberland County.

Analysis of Need

In Section C, pages 31-32, the applicant explains why the population projected to utilize the proposed NF services needs those services. The applicant states that these needs stem from the deterioration of the Golden Years facility, the importance of preserving access to skilled nursing services in Cumberland County, and the readiness of Highland House to accept and care for these residents without delay or disruption. The applicant describes the need as follows:

- Need Due to Facility Closure : The applicant states that the Golden Years nursing facility is no longer suitable for continued operations. The applicant states that continuing operation in the existing structure would pose risk to patient health and safety due to aging infrastructure and physical plant issues. This proposal provides a timely and structured solution that will allow residents to transition to a safer environment while maintaining continuity of care.
- Preservation of Access to Care in Cumberland County : The applicant states that by relocating the 38 beds to Highland House Rehabilitation Healthcare, a licensed and operational nursing facility within Cumberland County, ensures the continued availability of care for patients who would have otherwise been displaced. The applicant states that Highland House is strategically located within a short driving distance from Golden Years, preserving continuity of care for existing patients and proximity to family support systems, which is essential for recovery and quality of life.
- Operational and Physical Capacity at Highland House: The applicant states that Highland House Rehabilitation and Healthcare is equipped to accept the 38 additional beds. The applicant states that the proposed location is equipped with sufficient clinical resources, therapy space, and patient accommodations to deliver high-quality care. The applicant states that utilizing an existing, modernized facility ensures that the transition is cost-effective, minimizes service disruption, and avoids the delay and expense of new construction
- Alignment with Long-Term Planning and State Health Objectives: The applicant states the proposal represents an interim solution to maintain access while a new replacement facility is developed in Wake County (Project ID J-12354-23 & COS Project ID J-12563-24). The applicant states that the relocation allows continuity of service during the multi-year construction timeline.
- Avoidance of Unmet Need and Service Gaps : The applicant states that without this proposal, the closure of Golden Years would create an abrupt reduction in NF bed availability in Cumberland County, an area with high demand for long-term care services.

The applicant states that this relocation ensures that these vulnerable populations continue to receive care close to home.

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

- The applicant proposes to relocate existing, licensed NF beds from Golden Years Nursing Center to Highland House Rehabilitation and Healthcare due to deteriorating condition of the Golden Years facility.
- The applicant states that the proposal ensures the care of some of Cumberland County’s most vulnerable residents continues without interruption.

Project Utilization

In Section Q, Form C.1a and C.1b, the applicant provides projected utilization of the NF beds at Highland House, as illustrated in the following table(s).

Projected Utilization Highland House Rehabilitation and Healthcare			
	1st Full CY 2027	2nd Full CY 2028	3rd Full CY 2029
NF Beds			
Total # of Beds	144	144	144
# of Admissions	400	470	540
# of Patient Days	31,865	37,849	43,055
Average Length of Stay	79.66	80.53	79.73
Occupancy Rate	60.6%	72.0%	81.9%

Source: Section Q, Form C.1b, page 86

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant states that based on Liberty's experience, specifically within Cumberland County, the applicants are expecting to reach stabilized occupancy by the second year of operation.
- The applicant states that utilization projections are based on historical utilization of the NF beds at Highland House Rehabilitation Healthcare.

Projected utilization is reasonable and adequately supported based on the applicant’s projections based on the historical utilization of the NF beds at Highland House Rehabilitation and Healthcare.

Access to Medically Underserved Groups

In Section C, page 37, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	71%
Racial and ethnic minorities	N/A%
Women	66%
Persons with Disabilities	100%
The elderly	85%
Medicare beneficiaries	6%
Medicaid recipients	71%

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

- (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 relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

In Section D, pages 41-42, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 41, the applicant states:

“Golden Years is an older facility, originally constructed in 1965, and has reached the end of its service life. To ensure the continued well-being of all residents, each individual currently residing at Golden Years will be offered the opportunity to relocate to either Woodlands or Highland House. Both of these communities are well-equipped and in a much better position to meet the clinical and personal care needs of the current Golden Years residents.”

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

- The applicant states each individual currently residing at Golden Years will be offered the opportunity to relocate to either Woodlands or Highland House. Both of these communities are well-equipped and in a much better position to meet the clinical and personal care needs of the current Golden Years residents.
- The applicant states the relocation will improve access to quality services.

In Section Q, Form D.1, the applicant provides historical and projected utilization, as illustrated in the following table for Golden Years Nursing.

Historical and Projected Utilization Golden Years Nursing Center	Last Full FY CY2024	Interim Full FY CY2025	Interim Full FY CY2026
NF Beds			
Total # of Beds	58	58	58
# of Admissions	229	229	229
# of Patient Days	16,964	17,778	17,778
Average Length of Stay	74.08	77.63	77.63
Occupancy Rate	80.1%	84.0%	84.0%

Source: Form D.1, page 88 of the application

In Section Q, Form D.1, the applicant provides the assumptions and methodology used to project utilization, which are summarized below:

- The applicant utilized historical utilization data to project utilization.
- The applicant states that 58 NF beds will be relocated within Cumberland County to Highland House and Woodlands Nursing and Rehabilitation Center by January 2027.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant states that 20 NF beds from Golden Years will be relocated to Woodlands Nursing and Rehabilitation Center and 38 NF beds from Golden Years will be relocated to Highland House.
- The applicant states that Golden Years will have no beds as of January 1, 2027.

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 needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described 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.

CA

The applicant proposes to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

In Section E, page 46, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- **Renovation of the Existing Golden Years Facility**—The applicant states that to renovate and modernize the current Golden Years building, originally constructed in 1965, to bring it up to current standards would be significantly more costly and less effective. The existing building has reached the end of its service life, and major structural, mechanical, and life safety upgrades would be required. Additionally, residents would be displaced during the lengthy renovation process, with no guarantee that the updated facility would fully meet current or future regulatory and care standards.
- **Construction of a Replacement Facility in the Same Location**- The applicant states that to demolish the existing Golden Years building and construct a new facility on the same site would involve extended displacement of residents and significant logistical challenges, including relocating utilities, zoning limitations, and disruption to neighboring properties. The applicant states that this site does not offer the same advantages in terms of infrastructure, layout, or proximity to healthcare partners as the selected receiving facilities. This would ultimately make the project more costly and less efficient.
- **Transfer of Beds and Residents to Existing Facilities within the Same County**- The applicant proposes to transfer the Golden Years beds and relocate residents to two existing skilled nursing facilities within Cumberland County, Woodlands and Highland House. The applicant states that both receiving facilities have the capacity, infrastructure, and staffing in place to absorb residents while maintaining or improving quality of care and limited construction is required, and the transfer can be executed more quickly and with less disruption. The applicant states that this option also ensures continuity of care and regulatory compliance at a much lower financial and operational burden.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the project for all reasons described above.

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 and is approved subject to the following conditions:

1. **Liberty Commons Nursing and Rehabilitation Center of Highland House, LLC and Liberty Healthcare Properties of Highland House, (hereinafter collectively certificate holder) shall materially comply with all representations made in the certificate of need application .**
2. **The certificate holder shall relocate no more than 38 nursing facility beds from Golden Years Nursing Center to Highland House Rehabilitation and Healthcare for a total of no more than 144 nursing facility beds.**
3. **Upon completion of this project, Highland House Rehabilitation and Healthcare shall be licensed for no more than 144 nursing facility beds.**
4. **The certificate holder shall certify at least 67.0% of the total number of licensed nursing facility beds for participation in the Medicaid program and shall provide care to Medicaid recipients commensurate with representations made in the application.**
5. **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.**
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. **The first progress report shall be due on April 1, 2026.**
7. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditure in Section Q of the application and that would otherwise require a certificate of need.**
8. **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 relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

Capital and Working Capital Costs

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

Capital Cost	Liberty Healthcare Properties of Highland House, LLC	Total
Construction/ Renovation Contract(s)	\$304,000	\$304,000
Architect/Engineering Fees	\$45,000	\$45,000
Furniture	\$456,000	\$456,000
Consultant Fees (CON, Legal Marketing)	\$50,000	\$50,000
Other (Construction Contingency)	\$30,400	\$30,400
Total Capital Cost	\$885,400	\$885,400

In Section Q, Form F.1a , the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information provided following Form F.1a in Section Q, page 90.

In Section F, page 49, the applicant states there will be no start-up costs or initial operating expenses because Highland House is an operational facility.

Availability of Funds

In Section F, page 48, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing		
Type	Liberty Healthcare Properties of Highland House, LLC	Total
Loans	\$	\$
Accumulated reserves or OE *	\$885,400	\$885,400
Bonds	\$	\$
Other (Specify)	\$	\$
Total Financing	\$885,400	\$885,400

* OE = Owner's Equity

Exhibit F.2 contains a letter dated July 8, 2025, from the Chief Financial Officer of Liberty Health confirming the availability of sufficient cash and cash equivalents to fund the project capital cost and committing the necessary funds to the project development and a financial statement for Highland House Rehabilitation Healthcare. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information in the application and exhibits, for all the reasons stated above.

Financial Feasibility

In Section Q, page 94, the applicant provided 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 in each of the first three full fiscal years following completion of the project, as shown in the table below.

Highland House Rehabilitation and Healthcare	1st Full FY CY2027	2nd Full FY CY2028	3rd Full FY CY2029
Total Patient Days	31,865	37,849	43,055
Total Gross Revenues (Charges)	\$12,622,597	\$15,714,847	\$18,535,257
Total Net Revenue	\$12,433,258	\$15,479,124	\$18,257,228
Average Net Revenue per Patient Days	\$390	\$409	\$424
Total Operating Expenses (Costs)	\$11,024,877	\$13,259,207	\$15,303,289
Average Operating Expense per Patient Day	\$346	\$350	\$355
Net Income	\$1,408,381	\$2,219,917	\$2,953,939

Source: Section Q, Form C.1b and Form F.2b

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 95. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant states that the combined patient utilization projections and the rates by bed type in order to calculate monthly revenues for the facility.
- The applicant states that the revenue would grow each year due to the increase in census for the 144-bed building.
- The applicant states that the assumptions used to project revenues and expenses are based on experience operating 39 nursing facilities throughout the state of North Carolina.

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

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 for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the 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 to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

On page 141, the 2025 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicant proposes relocating existing licensed NF beds within Cumberland County. Thus, the service area for this facility is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The following table , from Table 10A, page 150 of the 2025 SMFP shows the existing NF beds and facilities in Cumberland County.

Cumberland County Nursing Facilities	
Facility	Nursing Facility Beds
Autumn Care of Fayetteville	90
Bethesda Health Care Facility	85
Carolina Rehab Center of Cumberland	136
Haymount Rehabilitation & Nursing Center	98
Highland House Rehabilitation and Healthcare	106
Golden Years	58
NC State Veterans Home-Fayetteville	150
The Carrolton of Fayetteville	120
Village Green Health and Rehabilitation	170
Whispering Pines Nursing & Rehabilitation Center	86
Woodlands Nursing & Rehabilitation Center	80

In Section G, page 57, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved NF services in Cumberland County. On page 57, the applicant states:

“This proposal does not add any new SNF beds to the service area; rather, it preserves currently licensed beds that would otherwise be lost due to the closure of Golden Years, a facility that is no longer suitable for occupancy due to significant deterioration of its physical plant. As such, the total number of licensed SNF beds in the county will remain unchanged.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The proposal would not result in an increase in NF beds in Cumberland County because the beds are proposed to be relocated within Cumberland County.
- The applicant adequately demonstrates that the proposed NF beds to be relocated are needed. See the discussion in Criteria (3) which 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 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 to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

In Section Q, Form H, the applicant provides current (as of 1/1/2025) and projected full-time equivalent (FTE) staffing for the first three PYs, CY2027-CY2029 as illustrated in the following table:

Position	Projected Staffing (FTE)			
	Current 1/1/2025	1 st Full FY CY2027	2 nd Full FY CY2028	3 rd Full FY CY2029
Maintenance/Engineering	1	1	2	2
Administrator/CEO	1	1	1	1
Business Office	3	3	3	3
Other (HR)	1	1	1	1
Other (MKT)	0	1	1	1
Other (Nurse Secretary)	1	2	2	2
Total	72	79	94	105

The assumptions and methodology used to project staffing are provided in Section Q following Form H, page 103. Adequate operating expenses for the health manpower and management positions are included in Section Q, Form F.3. In Section H, pages 58-59, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services because the applicant currently provides NF services at Highland House and accounts for the increase in staff that will be needed to accommodate the additional 38 NF beds.

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 all the reasons described 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 to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

Ancillary and Support Services

In Section I, page 60, the applicant identifies the necessary ancillary and support services for the proposed services. On page 60, the applicant states that each ancillary and support service listed in the table above are integral to the operations at Highland House. The applicant states all of these services are currently in place at Highland House, and the transfer of additional NF beds would have no impact on the provision of these services and that it will provide more economies of scale and make the operations more efficient and cost-effective.

Coordination

In Section I, page 61, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because it is an existing facility currently providing services and states it will continue to do so following the proposed bed relocation.

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 all the reasons described 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.

NA

The applicant proposes to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion. In Section K, page 63, the applicant states that the project does not involve constructing new space or renovating existing space. Therefore, Criterion (12) is not applicable to this review.

- (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 Section L, page 66, the applicant provides the historical payor mix for the Highland House Rehabilitation and Healthcare and Golden Years for FFY2024, as shown in the tables below.

Highland House Rehabilitation Healthcare	
Last Full FY	
10/01/2023 to 09/30/2024	
Payor Source	Percentage of Total Patients Served
Self-Pay	3.84%
Medicare*	6.89%
Medicaid*	66.74%
Other (Other)	22.52%
Total	100.0%

*Including any managed care plans

Golden Years	
Last Full FY	
10/01/2023 to 09/30/2024	
Payor Source	Percentage of Total Patients Served
Self-Pay	2.40%
Medicare*	5.45%
Medicaid*	90.09%
Other (Other)	2.06%
Total	100.0%

*Including any managed care plans

In Section L, page 67, the applicant provides the following comparison.

Highland House Rehabilitation Healthcare		
Last Full FY before Submission of the Application		
	Percentage of Total Patients Served	Percentage of the Population of the Service Area
Female	66.3%	50.5%
Male	33.7%	49.5%
Unknown	N/A	N/A
64 and Younger	30.1%	86.7%
65 and Older	69.9%	13.3%
American Indian	N/A	2.0%
Asian	N/A	2.8%
Black or African-American	N/A	40.2%
Native Hawaiian or Pacific Islander	N/A	0.4%
White or Caucasian	N/A	49.2%
Other Race	N/A	5.4%
Declined / Unavailable	100%	N/A

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.

In Section L, page 68, the applicant provides the following comparison for Golden Years.

Golden Years		
Last Full FY before Submission of the Application		
	Percentage of Total Patients Served	Percentage of the Population of the Service Area
Female	44.7%	50.5%
Male	55.3%	49.5%
Unknown	N/A	N/A
64 and Younger	42.6%	86.7%
65 and Older	57.4%	13.3%
American Indian	N/A	2.0%
Asian	N/A	2.8%
Black or African-American	N/A	40.2%
Native Hawaiian or Pacific Islander	N/A	0.4%
White or Caucasian	N/A	49.2%
Other Race	N/A	5.4%
Declined / Unavailable	100%	N/A

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.

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 ... 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 persons with disabilities, in Section L, page 68, the applicant states it has no obligation. The applicant states that it will provide services to the entire resident population of Cumberland County and the surrounding areas regardless of payor source, race, gender or ethnicity.

In Section L, page 68, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been

filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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, page 69, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Payor Source	% of Total Patients Served
Self-Pay	6.22%
Medicare*	6.22%
Medicaid*	67.26%
Insurance*	12.03%
Other (Hospice)	5.33%
Other (PACE)	2.94%
Total	100.00%

*Including any managed care plans

Source: Section L, page 69, of the application

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.22% of total services will be provided to self-pay patients, 6.22% to Medicare patients, 67.26% to Medicaid patients.

The applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant assumes that the payor source by percentage of total patients served will equal the payor source proportionate to the total number of patient days for the third full fiscal year.
- The applicant proposes no changes in its projected payor mix from its historical payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application

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

In Section L, page 70, the applicant describes the range of means by which patients will have access to the proposed services.

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.

C

The applicant proposes to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

In Section M, page 72, 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. The applicant adequately demonstrates that health professional training programs in the area have and will have access to the facility for training purposes because the facility has operated for years and relocating the existing NF beds will not impact access to the facility for training purposes.

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 based on 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 to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

On page 141, the 2025 SMFP defines the service area for nursing facility beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicant proposes relocating existing licensed NF beds within Cumberland County. Thus, the service area for this facility is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The following table , from Table 10A, page 150 of the 2025 SMFP shows the existing NF beds and facilities in Cumberland County.

Cumberland County Nursing Facilities	
Facility	Nursing Facility Beds
Autumn Care of Fayetteville	90
Bethesda Health Care Facility	85
Carolina Rehab Center of Cumberland	136
Haymount Rehabilitation & Nursing Center	98
Highland House Rehabilitation and Healthcare	106
Golden Years	58
NC State Veterans Home-Fayetteville	150
The Carrolton of Fayetteville	120
Village Green Health and Rehabilitation	170
Whispering Pines Nursing & Rehabilitation Center	86
Woodlands Nursing & Rehabilitation Center	80

The applicant proposes to relocate existing NF beds within Cumberland County. The applicant does not propose to increase the number of NF beds in Cumberland County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 73 the applicant states it may collaterally impact the applicant's competition merely by allowing the applicant to more efficiently operate its facility and offer a better skilled nursing program to its residents.

Regarding the impact of the proposal on cost effectiveness, in Section N, page 73, the applicant states over 67.26% of the current residents at Highland House are Medicaid beneficiaries, and there is a need for NF services for this group. The applicant states relocating the NF beds will allow the facility to serve an increasing number of Medicaid recipients.

See also Sections C and Q of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 73-74, the applicant states, "*Highland House affords equal treatment and access to its services for all persons, without discrimination due to age, race, color, religion, sex, marital status, national origin, sexual orientation, ancestry, or disability, or any other factor that would classify a resident as underserved.*"

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

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 based on all 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

The applicant proposes to relocate no more than 38 NF beds from Golden Years to Highland House Rehabilitation and Healthcare for a total of no more than 144 NF beds upon project completion.

In Section Q, pages 105-106, the applicant identifies the nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of thirty-nine of this type of facility located in North Carolina.

In Section O, pages 77-81 , the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in ten of these facilities. On page 81, the applicant states that all the deficiencies have been corrected, plans of corrections have been approved by the Nursing Home Licensure and Certification Section, DHSR, and the facilities are in full compliance with all survey deficiencies noted. 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 all thirty-nine 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 no more than 38 NF beds from Golden Years Nursing Center to Highland House Rehabilitation Healthcare for a total of no more than 144 NF beds upon project completion.

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 applicant is not proposing to develop nursing home or adult care home beds pursuant to a need determination in the 2025 SMFP.