

WakeMed Health & Hospitals
Comments Regarding the CON Applications Submitted for the 2022 Need Determinations
for 2 Operating Rooms and 45 Acute Care Beds in Wake County

October 3, 2022

INTRODUCTION

The following certificate of need applications were filed in response to the need determinations for two additional Operating Rooms (ORs) and 45 Acute Care Beds in Wake County in the 2022 State Medical Facilities Plan (SMFP):

- KM Surgery Center proposes to develop a new multispecialty ambulatory surgery center (“ASC”) in the Brier Creek area of northwest Raleigh, with one operating room and two procedure rooms (Project No. J-12248-22).
- Oakview ASC proposes to develop a new ophthalmology single-specialty ASC on Barrett Drive in midtown Raleigh, with one operating room and one procedure room (plus 1 laser room) (Project No. J-12252-22).
- Triangle Vascular Care proposes to develop a new vascular access ASC in Cary, with one operating room and two procedure rooms (Project No. J-12253-22).
- Rex Hospital proposes to develop 36 acute care beds at its main campus in Raleigh (Project No. J-12258-22).
- Rex Hospital, Inc. proposes to develop 9 acute care beds at Rex Holly Springs Hospital (Project No. J-12259-22).
- Rex Hospital, Inc. proposes to develop two additional operating rooms at its main campus in Raleigh (Project No. J-12260-22).
- Duke Green Level ASC proposes to develop two ORs at an approved ASC, as a change in scope to CON Project J-11557-18 (Project No. J-12261-22).
- Duke Raleigh Hospital proposes to add an additional 45 acute care beds on its existing campus (Project No. J-12263-22).
- WakeMed proposes to develop a new hospital – WakeMed Garner Hospital, with two ORs and nine acute care beds from the 2022 State Medical Facilities Plan, as well as 22 acute care beds relocated from WakeMed Raleigh Campus, for a total of 31 acute care beds (Project No. J-12264-22).

These comments are submitted by WakeMed in accordance with N.C. Gen. Stat. § 131E185(a1)(1) to address the representations in the applications, including a comparative analysis and a

discussion of conformity with the statutory and regulatory review criteria (“the Criteria”) in N.C. Gen. Stat. §131E-183(a) and (b).

In this review cycle, there are two applicants proposing new single-specialty ASCs, one applicant proposing a new multispecialty ASC, one approved multispecialty ASC seeking to add additional ORs, one existing hospital proposing additional hospital-based ORs, three existing hospitals proposing additional acute care beds, and one proposed new hospital with acute care beds and ORs. The disparate nature of the proposed projects creates challenges when comparatively evaluating the applications.

WakeMed has evaluated each competing application and its overall conformity with the applicable Review Criteria. While non-conformities in the competing applications may exist, WakeMed will refrain from perfunctory opposition which does not materially or substantively benefit the Agency in its decision. Instead, WakeMed will provide context which illustrates how the proposed WakeMed Garner Hospital project best meets the need of Wake County residents identified in the 2022 SMFP.

GENERAL COMMENTS

Given the wide variety of applications, one of the challenges of this review is to determine the type of project(s) that best meets the need among the following options:

- Single-specialty ASC
- Multispecialty ASC
- Hospital OR expansion
- Hospital bed expansion
- New hospital with beds and ORs

The following comments relate to strategic observations of the competing applications, organized by type of service.

Ambulatory Surgery Center OR Applications

There are four ASC proposals in this review: Triangle Vascular Care (“Triangle”), Oakview ASC (“Oakview”), KM Surgery Center (“KM”), and Duke Green Level ASC (“Duke Green Level”). In particular, Duke Green Level is an approved, but not yet operational, ASC that proposes to add 2 additional ORs as a change of scope to its initial approval. In planning for the 2022 SMFP, the SHCC recognized that the Agency has repeatedly awarded ORs to new ASCs in Wake County, even though the need for new operating rooms has been generated by the utilization of major hospitals.

According to the Proposed 2023 SMFP, which includes the most recent OR data, there are 18 total existing and approved freestanding surgery centers in Wake County – seven of these ASCs are either not operational or have not been operational long enough to report volumes for inclusion in the Proposed 2023 SMFP. The ASCs that are operational either have a calculated OR surplus, or

the patients projected to be served can be adequately served using the excess capacity of existing and approved ASCs in Wake County. Meanwhile, hospital-based ORs in Wake County are operating well beyond optimal capacity at 108.9 percent utilization compared to 77.3 percent utilization among Wake County ASCs in FY 2021. (See WakeMed Garner Hospital CON Application, Figure 25, page 78.)

The development of new ASCs does not address the chronic, dire need for additional hospital-based OR capacity. (See WakeMed Garner Hospital CON Application, pages 57-58.) The two additional ORs in Wake County should be awarded to a hospital which generated the need and can accommodate the need for both general and complex inpatient and outpatient surgical services – a need that cannot be met in an ASC setting with limited hours, limited ability to treat complex patients, limited range of services, and no ability to provide inpatient care. This is especially true for single-specialty ASCs.

Several additional observations are relevant to the proposed ASC applications:

- The two single-specialty ASC applications (Triangle and Oakview), which propose to service vascular access and ophthalmologic patients, respectively, would meet only a very limited subset of the potential surgical need in Wake County. Currently, existing ASCs in Wake County provide both vascular and ophthalmologic surgery. RAC Surgery Center, which was approved in the 2018 Wake County OR Review, performs the vascular access procedures proposed in the Triangle application. The proposed single-specialty ASCs would provide no other types of outpatient surgery and cannot provide inpatient surgery. Thus, these two projects do not best meet the needs of Wake County residents.
- The Duke Green Level ASC CON application for 4 ORs (Project ID J-11577-18), was initially denied then approved for 1 OR through settlement. Currently, Duke Health System has 4 ORs, including 2 ASC ORs, approved but not yet developed, per the Proposed 2023 SMFP (2022 LRA data,) including Duke Green Level ASC (1 OR) and Duke Health Garner ASC (1 OR). It does not make sense to approve additional ASC capacity for Duke Health System until these approved ORs are operational.
- KM Surgery Center proposes to develop a new multispecialty ASC. KM does not have any experience in operating an ASC and does not demonstrate affiliation with any organization that has such experience. (See KM CON application pages 22 and 87-88.) It is unclear whether this applicant has the experience to develop and operate the proposed ASC. Nor has KM established why its supporting physicians cannot utilize the numerous existing and approved ASCs in Wake County.

Based solely on the fact that there is no demonstrated need for additional ASC capacity in Wake County, WakeMed contends that the Triangle, Oakview, KM, and Duke Green Level applications fail to demonstrate the need for their proposed projects as required by Criterion (3). For the same reasons, all applicants are also not consistent with Criterion (1) and Policy GEN-3. Given the numerous existing and approved but not yet operational ASCs in Wake County, the ASC applicants have not demonstrated why additional ASC capacity is needed, and why these projects

do not represent unnecessary duplication of existing and approved ASCs. Therefore, these applications should be found non-conforming with Criteria (3), (4), (6), and (18a).

Hospital-Based OR Applications

UNC Rex Hospital (“UNC Rex”) and WakeMed Garner Hospital (“WakeMed Garner”) are the only two applicants that propose to develop hospital-based ORs. UNC Rex proposes to add additional ORs at its main campus in Raleigh, while WakeMed Garner proposes a new community hospital with two ORs.

Of the two applicants, WakeMed contends that the WakeMed Garner proposal will best meet the needs of southeastern Wake County and surrounding communities. WakeMed Garner proposes to expand geographic access to care by developing a new community hospital in the Garner community, a rapidly growing and aging suburb of Raleigh that currently does not have adequate access to hospital services. The Emergency Department at the WakeMed Garner Healthplex, located approximately one-half mile from the proposed Garner Hospital, treated over 32,000 visits in FY 2021, and is on track to exceed 35,000 visits in FY 2022. Approval of WakeMed Garner Hospital would provide much-needed inpatient OR capabilities to the residents of Garner, allowing them to stay in their community for inpatient surgical services.

More importantly, the ORs allocated in this review should be awarded to the hospital with the greatest need for additional capacity. The WakeMed system has experienced more growth in OR utilization than UNC Rex (4.1 percent versus 1.1 percent annually, respectively), from FY 2018 – 2021 and has more capacity constraints based on optimal capacity thresholds (124.2 percent versus 102.6 percent, respectively, in FY 2021). (See WakeMed Garner Hospital CON Application, Figures 24 and 26.) WakeMed Raleigh has a need for 4.0 ORs according to the 2022 SMFP. This capacity constraint will be alleviated by the proposed WakeMed Garner Hospital project. By contrast, the 2022 SMFP shows that UNC Rex has a surplus of 1.77 ORs.

Approval of WakeMed Garner Hospital maximizes the benefit to a greater number of Wake County residents by not only providing a new access point for residents of Garner and southeastern Wake County, but also decompressing the ORs at WakeMed Raleigh, allowing for improved critical care access at Wake County’s only Level I Trauma Center.

Acute Bed Applications

There are four proposals to develop acute care beds:

- Rex Hospital proposes to add 36 acute care beds at UNC Rex Hospital (“Rex Hospital Raleigh”) in Raleigh for a total of 534 acute care beds upon project completion.
- Rex Hospital proposes to add nine acute care beds at UNC Rex Holly Springs Hospital (“Rex Holly Springs”) for a total of 59 acute care beds upon project completion.
- Duke Raleigh Hospital (“Duke Raleigh”) proposes to develop 45 additional acute care beds on its campus for a total of 191 acute care beds upon project completion.

- WakeMed proposes to develop a new community hospital, WakeMed Garner Hospital (“WakeMed Garner”), with 9 acute care beds from the 2022 SMFP Need Determination and the relocation of 22 acute care beds for a total of 31 acute care beds on the WakeMed Garner campus upon completion.

Rex Holly Springs Hospital (9 beds)

Rex Holly Springs opened in November 2021 and had only been operational for 10 months at the beginning of this review. In its application, Rex Holly Springs presented only seven months of utilization data, from November 2021 through May 2022. Seven months of data is not enough data to build a reliable trend projecting forward. Rex Holly Springs did not present any data indicating capacity constraints or any other data that would establish the need for additional acute care beds at its facility. It is premature to add bed capacity to a hospital that has not been in operation for a full year. WakeMed contends that the Rex Holly Springs application fails to demonstrate the need for its proposed project as required by Criterion (3). For the same reasons, Rex Holly Springs is also not consistent with Criterion (1) and Policy GEN-3. Given, the lack of demonstrable utilization and therefore need at Rex Holly Springs, this project also represents an unnecessary duplication of exiting services. Rex Holly Springs should be found non-conforming with Criterion (4), (6), and (18a).

UNC Rex Hospital (36 beds)

Rex Hospital Raleigh proposes to add 36 beds on its main campus, a complementary application to the proposal to add 9 beds at Rex Holly Springs. This proposal will not enhance geographic access to inpatient acute care services for Wake County residents. Rex Hospital Raleigh is in Raleigh, where the majority of acute care beds are currently located. Importantly, Rex Hospital Raleigh fails to show a need for an additional 36 beds, as the combined utilization from the Rex system did not generate the bed need. According to the Wake County Acute Care **Bed** Need with Adjusted CGRM published in the Proposed 2023 SMFP, Rex Hospital Raleigh has the least amount of need of all health systems in Wake County. WakeMed contends the Rex Hospital Raleigh application fails to demonstrate the need for its proposed projects as required by Criterion (3). For the same reasons, all applicants are also not consistent with Criterion (1) and Policy GEN-3. Given, the lack of demonstrable need, this project also represents an unnecessary duplication of exiting services. Rex Hospital Raleigh should be found non-conforming with Criterion (4), (6), and (18a).

Duke Raleigh Hospital (45 beds)

Duke Raleigh Hospital (“Duke Raleigh”) proposes to add 45 additional acute care beds. This project directly contradicts the July 2021 approval of Duke University Health System (“DUHS”) to develop a new hospital – Duke Green Level Hospital (“DGLH”) – by relocating 40 beds from the Duke Raleigh campus (Project ID No. J-12029-21). In Section D, page 71 of the DGLH CON application, Duke states: “As shown in Form D.1 and D.3, utilization shows that DRAH [Duke Raleigh Hospital] will have the capacity needed to care for its projected patients after the relocation of bed capacity and projected shift of patients and to DGLH”.

In the DGLH application, DUHS also states that if growth in utilization at Duke Raleigh is much larger than projected, then DUHS might apply for additional acute care bed capacity at Duke Raleigh. However, the growth at Duke Raleigh as presented in its most recent application is not substantially larger than what was projected in its DGLH application See **Figure 1** below. In the DGLH CON, a 1.1 percent CAGR for discharges and a 1.3 percent CAGR for patient days was used for projections. In its 2022 application, Duke Raleigh uses a 3.1 percent CAGR for discharges and a 3.5 percent CAGR for patient days.

Note that Duke Raleigh actually experienced 202 fewer discharges in FY 2021, as presented in the Duke Raleigh 2022 application than in projected in the DGLH 2021 application. Annualized FY 2022 discharges (based on 11 months) presented in the Duke Raleigh application are 763 lower than projected in the DGLH 2021 application. Yet, Duke Raleigh projects more discharges (and a higher growth rate) in 2022 CON application than it projected in its DGLH 2021 application for FYs 2023-2026.

Duke suggests that its increase in patient days and ALOS is “much larger than projected” (see CON Application J-12029-21, Section D, Page 71). However, the actual occupancy presented in the Duke Raleigh 2022 CON application for FY 2021 is only 2.7 percentage points higher than projected in the DGLH 2021 application. The increase in ALOS and subsequent reduction toward pre-COVID levels as presented may be reasonable, but a 3.1 percent CAGR for discharges is not warranted and completely contradicts the lower actual discharges in FY 2021 and FY 2022 experienced by Duke Raleigh. The proposed project to “backfill” the beds at Duke Raleigh is a clear contradiction of the information provided just a year ago in the DGLH CON application.

The projected FY 2021 discharges presented in the DGLH 2021 CON Application were 2.1 percent lower than the *actual* FY 2021 discharges presented in the Duke Raleigh 2022 CON Application. However, the actual length of stay for the same time period is higher than projected length of stay in the 2021 CON Application. Overall, the actual occupancy presented in the Duke Raleigh 2022 CON Application is only 3.6 percent higher than what was projected in the DGLH 2021 CON Application. This same trend is true for FY 2022 and FY 2023. Naturally, the occupancy drops significantly between what was projected in the 2021 CON Application and the 2022 CON Application when the proposed DGLH beds come online. Overall, in PY 3 (FY 2026) of the 2022 CON Application, the proposal for 45 additional acute care beds results in only 7.9 percent more capacity than what was projected (and claimed to be adequate) in the DGLH 2021 CON Application.

Figure 1
Comparison of Duke Raleigh Hospital Projected Acute Care Utilization

Duke Raleigh Hospital Acute Care Utilization from Duke Green Level Hospital - 2021 Acute Care CON Application							
	Actual	Annualized	Projected				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CAGR %
Licensed Beds	186	186	186	186	186	186	
Discharges	10,035	10,149	10,266	10,383	10,502	10,622	1.1%
Patient Days	49,486	50,052	50,625	51,205	51,791	52,834	1.3%
ALOS	4.9	4.9	4.9	4.9	4.9	5.0	
% Occupancy	72.9%	73.7%	74.6%	75.4%	76.3%	77.8%	
Duke Raleigh Hospital Acute Care Utilization from Duke Raleigh - 2022 Acute Care CON Application							
	Actual	Annualized	Projected				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CAGR %
Licensed Beds	186	186	186	231	231	231	
Discharges	9,833	9,386	9,869	10,439	11,045	11,471	3.1%
Patient Days	51,311	54,279	54,279	56,370	58,541	60,796	3.5%
ALOS	5.2	5.8	5.5	5.4	5.3	5.3	
% Occupancy	75.6%	80.0%	80.0%	66.9%	69.4%	72.1%	
Net Difference – Duke Raleigh 2022 CON Application vs. DGLH 2021 CON Application							
	Actual	Annualized	Projected				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Licensed Beds	-	-	-	45	45	45	
Discharges	(202)	(763)	(397)	56	543	849	
Patient Days	1,825	4,227	3,654	5,165	6,750	7,962	
ALOS	0.3	0.9	0.6	0.5	0.4	0.3	

Source: DRH 2022 CON Application Forms C.3b Projected Utilization upon Project Completion, Duke Green Level Hospital

If Duke Raleigh had used the same growth rate for discharges (1.1 percent CAGR) used in the DGLH application, which is more than reasonable given the decline in discharges in FY 2022, and the same ALOS assumptions in the Duke Raleigh 2022 application, Duke Raleigh would not meet the required 71.4 percent occupancy required in the 2022 SMFP. **Figure 2** shows that Duke Raleigh would be occupied at only 61.7 percent in the third full year of operation with discharge growth assumptions from the DGLH 2021 application and ALOS assumptions from the Duke Raleigh 2022 application.

**Figure 2
Duke Raleigh Projections with Reasonable Discharge Growth Rate**

Duke Raleigh Hospital Acute Care Utilization							
	Actual	Annualized	Projected				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CAGR %
Licensed Beds	186	186	186	231	231	231	
Discharges (a)	9,833	9,386	9,493	9,602	9,712	9,823	1.1%
Patient Days	51,311	54,279	52,213	51,850	51,474	52,060	0.3%
ALOS (b)	5.2	5.8	5.5	5.4	5.3	5.3	
% Occupancy	75.6%	80.0%	76.9%	61.5%	61.0%	61.7%	

(a) FY 2021 and FY 2022 from DRH application for C.3b. FY 2023-2026 based on the growth rate used in the DGLH application.

(b) ALOS from the DRH application Form C.3b.

It is unclear how any material conditions have changed at Duke Raleigh since its approved proposal in 2021 to relocate 40 beds to DGLH to justify the need to add 45 beds on the campus in this review cycle just one year later.

The Duke Raleigh application fails to demonstrate the need for its proposed project as required by Criterion (3) and is in direct contradiction to the DGLH CON application submitted in 2021 where Duke purported it did not need a portion of beds it already had to support its operations, hence the approval of Project No. J-12029-21 to relocate beds from its campus to DGLH. Moreover, Duke Raleigh fails to meet the required acute care performance standards under 10A NCAC 14C .3803(a).

For the same reasons, all applicants are also not consistent with Criterion (1) and Policy GEN-3. Given, the lack of need at Duke Raleigh, this project also represents an unnecessary duplication of exiting services approved for DGLH. For these same reasons, Duke Raleigh should be found non-conforming with Criterion (4), (6), and (18a).

WakeMed Garner Hospital (31 beds - 9 new 22 relocated beds)

The WakeMed Garner Hospital application best meets the need for additional acute care beds in Wake County for numerous reasons:

- WakeMed Garner Hospital will increase geographic access for Wake County residents by adding a new hospital to the densely populated and growing southeastern region of Wake County.
- As discussed on page 56 of the WakeMed Garner Hospital CON Application, according to the bed need methodology published in the Proposed 2023 SMFP (the most current publicly available data), WakeMed as a system, *by far*, has the greatest need for additional bed capacity in comparison to other existing acute care providers in Wake County based

on the most recent data available. (See WakeMed Garner CON Application, Figure 5 and 6 on page 56.)

- The project will address capacity constraints at WakeMed Raleigh and better use existing licensed bed capacity and efficiency.

Based on the information presented herein, WakeMed is the most effective alternative and should be approved.

COMPARATIVE FACTORS

Given the diversity of applicants in this review, it is very difficult to adequately assess the various types of applications in a comparative way for many of the factors typically used by the Agency. For example, there is no meaningful way to compare the projected charges and net revenues for hospital versus ASC projects. Likewise, the expense structure and staffing for new and expanded ASCs and hospitals are not comparable. An additional factor which cannot be equally compared is capital cost, particularly when comparing the cost of a *de novo* hospital with a smaller ASC or hospital renovation project. WakeMed has identified three areas that can be compared:

- Need for the services proposed,
- A comparison of access by underserved groups, and
- Geographic accessibility.

WakeMed believes these three factors can be compared to show the extent to which each proposal in the review enhances access to care for and best meets the needs of the residents of Wake County.

Meets the Need Identified in the 2022 SMFP

Need for 2 ORs		
Triangle Vascular Care	<ul style="list-style-type: none"> • Single-specialty ASC that would serve limited patient population • Surplus of existing and approved ASCs in Wake County. 	Does not best meet the need.
Oakview ASC	<ul style="list-style-type: none"> • Single-specialty ASC that would serve limited patient population. • Surplus of existing and approved ASCs in Wake County 	Does not best meet the need.
KM Surgery Center	<ul style="list-style-type: none"> • Surplus of existing and approved multispecialty ASCs. 	Does not best meet the need.
Duke Green Level ASC	<ul style="list-style-type: none"> • Premature to add ORs to a not yet operational ASC. • Surplus of existing and approved multispecialty ASCs. 	Does not best meet the need.
UNC Rex Hospital OR Addition	<ul style="list-style-type: none"> • Does not increase geographic access. • Rex Hospital has a surplus of ORs. 	Does not best meet the need.
WakeMed Garner Hospital	<ul style="list-style-type: none"> • Improves geographic access to hospital surgical services. 	Best meets the need.

	<ul style="list-style-type: none"> Addresses need and relieves capacity constraints at WakeMed Raleigh 	
Need for 45 Acute Care Beds		
Duke Raleigh Hospital (45 beds)	<ul style="list-style-type: none"> Projections inconsistent with Duke Green Level Hospital CON approved in 2021. Premature to backfill beds that were claimed not to be needed in that location in 2021. Does not improve geographic access to inpatient acute care services. Premature to backfill beds that have not yet been relocated 	Does not best meet the need.
UNC Rex Holly Springs (9 beds)	<ul style="list-style-type: none"> Premature to add beds to a hospital open for less than a year. Does not improve geographic access to inpatient acute care services. 	Does not best meet the need.
UNC Rex Hospital (36 beds)	<ul style="list-style-type: none"> Does not improve geographic access to inpatient acute care services. The Rex system has the least bed need based on the most recent data published in the Proposed 2023 SMFP. 	Does not best meet the need.
WakeMed Garner Hospital (9 new beds, relocate 22 existing beds)	<ul style="list-style-type: none"> A new community hospital that improves geographic access to inpatient acute care services. Addresses bed need and alleviates capacity constraints at WakeMed Raleigh by and efficiently re-allocating existing licensed beds. 	Best meets the need.

Access by Underserved Groups

Section L of each CON application provides the ability to compare the percent of patients by payor group. This analysis allows for the comparison of the percent of services percent of services provided to underserved groups including self-pay/charity and Medicaid patients.

The table below shows the comparison of all applicants and the projected payor mix of patients.

	Beds and ORs	Beds only	Beds only	Beds only	ORs only - Hospital	ORs only - ASC	ORs only - ASC	ORs only - ASC	ORs only - ASC
Applicant	WakeMed Garner	Duke Raleigh Hospital	UNC Rex Holly Springs Hospital **	UNC Rex Hospital **	UNC Rex Hospital**	Duke Green Level ASC	Oakview ASC	Triangle Vascular Care	KM Surgery Center
Payor Source:									
Self-Pay	10.2%	0.5%	2.6%	3.4%	3.1%	0.3%	0.0%	2.5%	1.8%
Charity Care	Incl. in Self Pay	5.3%	N/A	N/A	N/A	2.0%	3.0%	Incl. in Self Pay	0.0%
Medicaid *	18.7%	8.8%	9.5%	10.3%	4.3%	6.0%	0.5%	4.5%	1.9%
Medicare *	34.2%	60.1%	57.9%	58.3%	40.9%	40.9%	72.3%	69.4%	29.5%
Insurance *	31.8%	22.6%	23.9%	22.6%	40.8%	45.7%	24.2%	23.6%	63.6%
Workers Comp.	Incl. in Other	0.2%	Incl. in Other	Incl. in Other	Incl. in Other	0.7%	0.0%	0.0%	0.0%
TRICARE	Incl. in Other	0.9%	Incl. in Other	Incl. in Other	Incl. in Other	2.4%	0.0%	0.0%	0.0%
Other	5.0%	1.6%	6.1%	5.4%	10.9%	1.9%	0.0%	0.0%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%

* Including any managed care plans

**UNC Rex internal data does not include Charity Care as a payor source. It is stated that patients in any payor category can and do receive charity care.

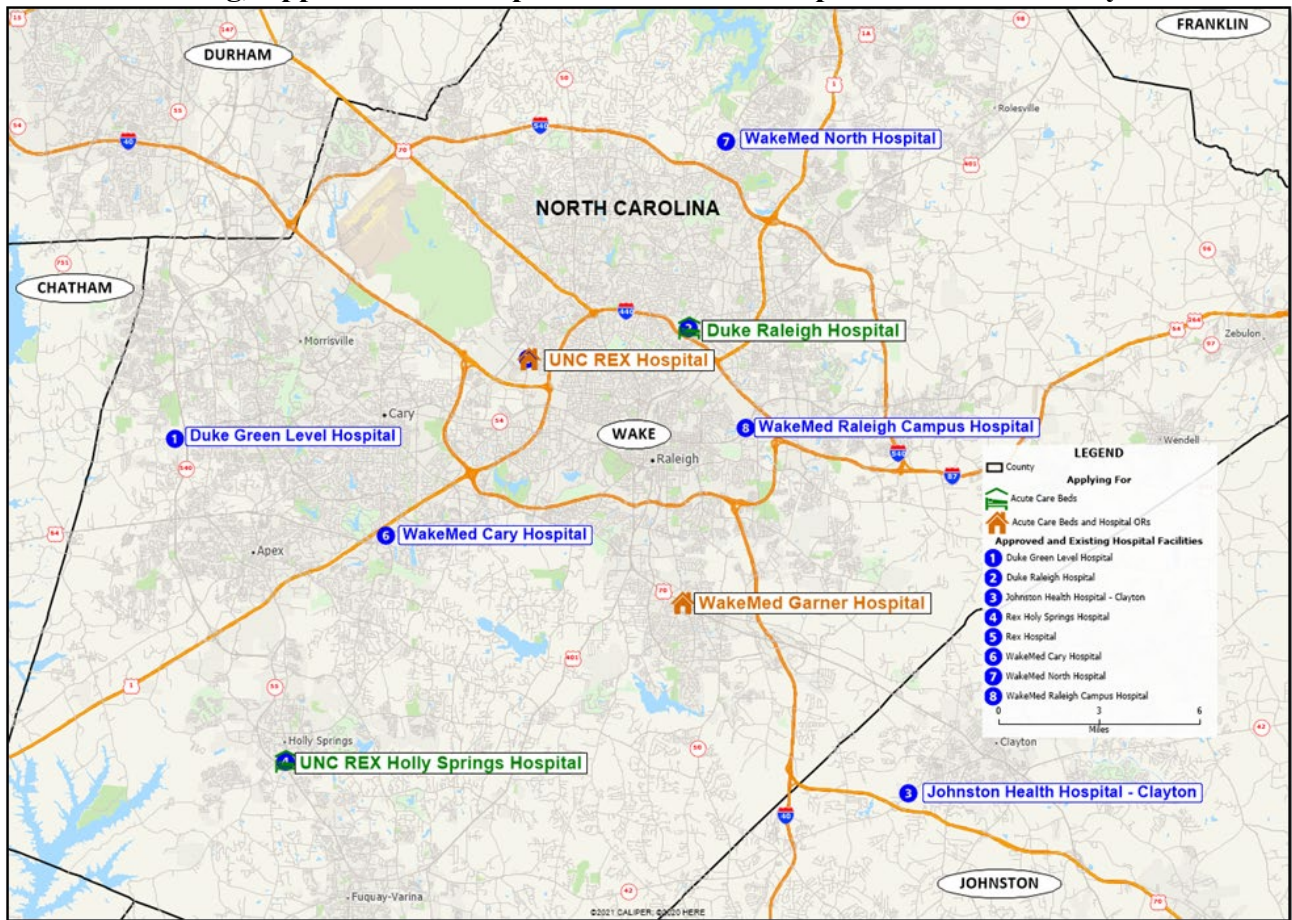
This comparison indicates that WakeMed Garner Hospital projects, by far, the highest percentages of Self-Pay/Charity and Medicaid patients as a percent of total. WakeMed has historically assumed a major role in the provision of comprehensive services to the medically underserved population in Wake County. As a safety-net hospital system, WakeMed organizes and delivers a significant level of health care and other health-related services to uninsured and underinsured patients, and low-income populations. With respect to access by unserved groups, the application submitted by WakeMed is the most effective alternative with respect to this comparative factor.

Geographic Accessibility

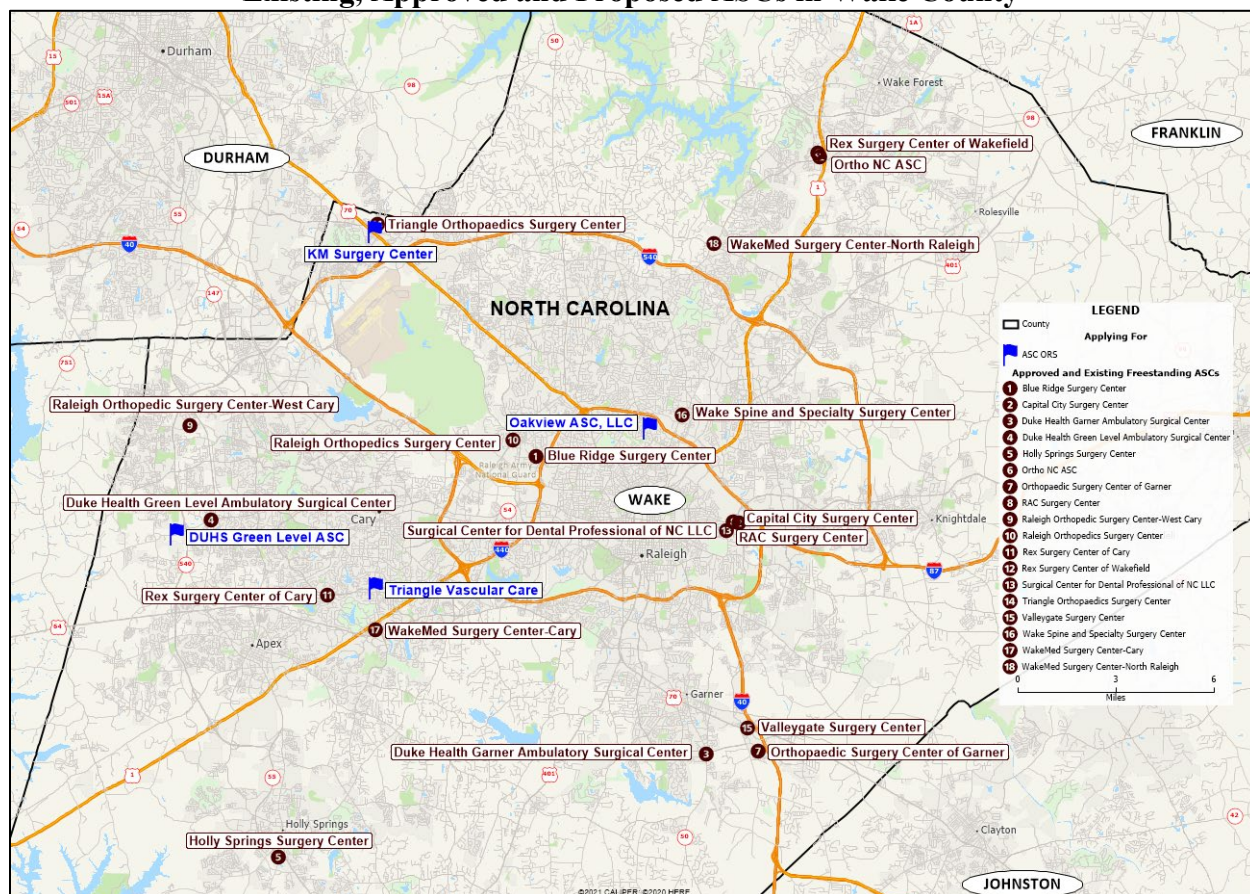
Maps showing the locations of existing and approved hospitals and ASCs in Wake County are provided below.

There are currently 1,464 licensed acute care beds in Wake County, including 36 approved beds. These beds are located at existing and approved hospitals in Raleigh, Cary, North Raleigh, Holly Springs, and the Green Level area. WakeMed Garner Hospital is the only proposal that proposes new acute care beds in an area of Wake County that currently does not have access to acute care services at a local community hospital.

Existing, Approved and Proposed Acute Care Hospitals in Wake County



Existing, Approved and Proposed ASCs in Wake County



Apart from the WakeMed Garner Hospital proposal, all other applications for acute care beds in the review involve adding bed capacity to existing hospitals, which does not enhance geographic access to acute care services. Duke Raleigh and Rex Hospital Raleigh are located in Raleigh, which is where most of the acute care beds in the county are already located. Rex Holly Springs is located in southwestern Wake County, but has been open for less than one year. Growing traffic congestion on major highways in Wake County are increasing travel times in all regions. While it may be necessary for patients to travel into Raleigh and Cary or outside Wake County for tertiary-level acute care services, residents should have ready access to lower acuity, inpatient, outpatient, and emergency hospital-based services closer to home. WakeMed Garner Hospital is the only proposal that will enhance geographic access for acute care beds and hospital-based surgical services for residents of Garner and southeastern Wake County who currently must leave their community to access hospital care.

There are currently 113 existing and approved ORs in Wake County, located at 19 existing and approved ASCs and 6 acute care hospital campuses. The existing and approved ASCs are distributed throughout the county. Apart from KM Surgery, all proposals for ASCs in this review are located near existing ASCs or acute care hospitals. Of the proposed hospital-based ORs (UNC Rex and WakeMed Garner), WakeMed Garner is the only proposal that improves access to hospital-based surgical services. Only KM Surgery and WakeMed Garner improve geographic

access to surgical services. However, there is no need for additional ASCs in Wake County; therefore, the application submitted by WakeMed is the most effective alternative with respect to this comparative factor.

As it relates to acute care beds, WakeMed proposes to develop acute care beds in Garner where there are currently no existing acute care beds nor any hospital-based ORs. The Garner area is densely populated and rapidly growing. Therefore, WakeMed Garner Hospital is the most effective alternative with respect to geographic access.

CONCLUSION

Even if all proposed projects were conforming with the CON Review Criteria, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds and operating rooms that can be approved by the Agency. There is no need for additional ASC operating rooms in Wake County, and WakeMed is the only hospital-based OR application that will improve geographic access to hospital-based care. Further, considering that WakeMed has the highest acute care bed and OR need of all existing applicants, is experiencing capacity constraints, and is proposing to enhance geographic and financial access to acute care and surgical services, its application is the most effective alternative to meet the need for additional ORs and acute care beds in Wake County and should be approved.