

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: June 16, 2014  
PROJECT ANALYST: Gloria C. Hale  
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: Project I.D. #J-10275-14/ University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook/ Cost overrun for Project I.D. #J-10139-13 (add 12 inpatient psychiatric beds)/Wake County

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

On October 29, 2013, University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook (UNCH at WakeBrook) received a certificate of need (CON) to develop 12 adult inpatient psychiatric beds at UNCH at WakeBrook in Wake County. The original project, Project I.D. #J-10139-13, was approved for a capital cost of \$3,827,498 and was scheduled to offer services by July 1, 2015. The current CON application is for a “cost overrun” of the initial approval, and proposes to offer services on January 16, 2016. There is no material change in scope from the originally approved project in this application.

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 2014 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2014 SMFP that are applicable to this review. There are no other policies in the 2014 SMFP that are applicable to this review. Consequently, the application is conforming to this Criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

### C

On October 29, 2013, UNCH at Chapel Hill received a certificate of need (CON) to develop 12 adult inpatient psychiatric beds at UNCH at WakeBrook in Wake County for a total of 28 adult inpatient psychiatric beds. UNCH at WakeBrook is located at 111 Sunnybrook Road in Raleigh. The original project was approved for a capital cost of \$3,827,498 and was scheduled to offer services by July 1, 2015. The current CON application is for a “cost overrun” of the initial approval and proposes to offer services on January 1, 2016. There is no material change in scope from the originally approved project in this application; rather, the applicant states in Section I, page 2 that a change in the facility’s design is needed which includes additional square footage, additional building systems, furniture and equipment. In Section VI, page 33, the applicant indicates that the previously approved capital cost of \$3,827,498 is now projected to be \$4,557,395, an increase of 19.1% [ $(\$4,557,395/\$3,827,498) - 1 = 0.191$ ].

#### Population to be Served

In Section II, page 15, the applicant states that there will be no change in projected patient origin from the facility’s existing patient origin. The applicant provides the projected patient origin on page 15, illustrated as follows:

County	% Total	Number of Patients	
		FFY 1 7/1/15 – 6/30/16	FFY 2 7/1/16 – 6/30/17
Wake	91.5%	773	1,000
Martin	1.3%	11	15
Durham	0.9%	8	10
Franklin	0.9%	8	10
Mecklenburg	0.4%	4	5
Nash	0.4%	4	5
New Hanover	0.4%	4	5
Orange	0.4%	4	5
Randolph	0.4%	4	5
Wilson	0.4%	4	5
Other States*	2.7%	23	29
<b>Totals</b>	<b>100.0%</b>	<b>845</b>	<b>1,093</b>

\*Other states include Florida, Maryland, Oklahoma, Pennsylvania and South Carolina

The applicant adequately identifies the population to be served.

Demonstration of Need

The applicant discusses why the design of the facility needs to be changed in Section II, pages 7 – 9. The applicant states, on page 8, that the acuity of the inpatient population is greater than had been expected. As a result, the former linear design of the facility with a central long hallway does not “*promote a therapeutic or safe environment when adding more acutely ill patients to the mix than originally expected.*” The applicant further states, on page 8,

*“The ability to provide a therapeutic environment on a 28-bed linear unit with a co-ed adult population having severe and persistent mental illness, without the ability to separate patients based on need and provide additional spaces for dining, therapeutic activities and clinical and safety needs (including a seclusion and restraint room) would be extremely challenging.”*

The applicant states, on page 8, that the revised facility design will have two pods with two nursing stations, thereby increasing observation, and avoiding overcrowding of common areas. In addition, on page 7, the applicant states that there will be an additional dining/activity space for the 12 additional patients. Two resources, The Department of Veteran Affairs (VA) 2010 Design Guide for Mental Health Facilities, and an article by S. Davison<sup>1</sup>, are cited by the applicant, on page 8, in support of a less institutional design

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<sup>1</sup> Advances in Psychiatric Treatment, 2005, vol. 11, 361-370.

to promote appropriate social interaction and reduce the risk of violence due to overcrowding.

In addition, as stated on pages 8-9, a separate visitation space will be developed by remodeling the existing reception space, in keeping with the International Association for Healthcare Security and Safety (IAHSS) 2012 Security Design Guidelines for Health Care Facilities, and an additional seclusion room will be included to accommodate the clinical needs of a facility that will have a total of 28 inpatient psychiatric beds.

Moreover, as stated on page 9, the addition of charting space and a nourishment room for the 12-bed unit *“is in keeping with the VA and IAHSS guidelines with regard to creating space that is a safe, home-like environment.”* Lastly, additional housekeeping space and cubbies for patient storage of personal belongings *“were oversights in the original plan”* and are needed to accommodate the 12-bed unit.

In Section II, page 5, the applicant discusses the final facility design that will result in additional capital costs, as follows:

- Renovation of existing 16-bed unit (440 sq. ft.) to improve space for visitor rooms and storage for patients’ personal belongings;
- Construction of additional square footage for mechanical and electrical space, a nurse’s station, an exam room, a medication room, a nourishment station, one seclusion room and one dining room. This addition will increase the square footage of the facility by 7,248 sq. ft.;
- Modification of the design of the building footings to accommodate an existing, underground utility trench;
- The addition of another boiler, chiller and emergency generator, including associated electrical systems and conduit; and
- Inclusion of the costs for a secure courtyard area that had been discussed in the original application, but not budgeted for.

This application for a cost overrun seeks approval only for the increased capital cost of the project, as a result of an increase in the aforementioned costs. The original project scope will not be changed.

The following table from Section VI, pages 32-33, lists the originally approved capital costs, the proposed costs, and the difference between the two that are associated with this cost overrun application.

**UNCH at WakeBrook  
 Project Capital Costs**

<b>CATEGORY</b>	<b>PREVIOUSLY APPROVED</b>	<b>PROPOSED IN CURRENT APPLICATION</b>	<b>DIFFERENCE</b>
A. Site Preparation Costs	\$211,763	\$339,738	\$127,975
B. Construction Contract	\$2,094,467	\$2,842,669	\$748,202
C. Miscellaneous Project Costs			
a. Fixed equipment – Telecom/Wireless/Nurse Call	\$0	\$45,400	\$45,400
b. Movable equipment	\$587,000	\$349,000	\$(238,000)
c. Furniture	\$175,600	\$150,000	\$(25,600)
d. Landscaping	\$17,005	\$21,672	\$4,667
e. Consultant fees, inc. A&E	\$278,788	\$394,744	\$115,956
f. Contingency	\$462,875	\$414,172	\$(48,703)
D. Subtotal miscellaneous costs	\$1,521,268	\$1,374,988	\$(146,280)
<b>E. Total Capital Cost</b>	<b>\$3,827,498</b>	<b>\$4,557,395</b>	<b>\$729,897</b>

As shown in the capital costs table provided in Section VI, pages 74-75, the cost overrun is largely due to increased construction costs and associated A&E costs. In addition, as stated by the applicant in Section VI, page 31, the movable equipment line is less based on updated costs of the equipment, which, in turn, has reduced the contingency amount for miscellaneous equipment items. Further, as discussed on page 31, fixed equipment cost includes a Telecom/Wireless/Nurse Call system that had been an oversight in the original application. Lastly, an EKG machine and an increase in cost for a defibrillator are additional equipment costs. A line item listing of equipment and furniture costs is included in Exhibit 11.

Projected Utilization

The applicant provides the projected utilization of UNCH at WakeBrook for the first and second full fiscal years of the project in Section III, page 22, illustrated as follows:

**UNCH at WakeBrook  
 Projected Utilization  
 July 1, 2015 – June 30, 2016**

	<b>1<sup>st</sup> Qtr. 7/01/15 – 9/30/15</b>	<b>2<sup>nd</sup> Qtr. 10/01/15 – 12/31/15</b>	<b>3<sup>rd</sup> Qtr. 1/01/16 – 3/31/16</b>	<b>4<sup>th</sup> Qtr. 4/01/16 – 6/30/16</b>	<b>Annual</b>
<b># of Beds</b>	16	16	28	28	28
<b># of Patients Discharged</b>	157	157	255	275	1,093
<b>Patient Days of Care</b>	1,416	1,416	2,295	2,475	7,601
<b>Ave. Length of Stay</b>	9.0	9.0	9.0	9.0	9.0
<b>Occupancy Rate</b>	96.18%	97.23%	90.07%	96.08%	94.60%
<b>Rate of Readmissions</b>					8.20%

**UNCH at WakeBrook  
 Projected Utilization  
 July 1, 2016 – June 30, 2017**

	<b>1<sup>st</sup> Qtr. 7/01/16 – 9/30/16</b>	<b>2<sup>nd</sup> Qtr. 10/01/16 – 12/31/16</b>	<b>3<sup>rd</sup> Qtr. 1/01/17 – 3/31/17</b>	<b>4<sup>th</sup> Qtr. 4/01/17 – 6/30/17</b>	<b>Annual</b>
<b># of Beds</b>	28	28	28	28	28
<b># of Patients Discharged</b>	274	274	270	275	1,093
<b>Patient Days of Care</b>	2,466	2,466	2,430	2,475	9,837
<b>Ave. Length of Stay</b>	9.0	9.0	9.0	9.0	9.0
<b>Occupancy Rate</b>	95.73%	96.78%	96.43%	96.08%	96.25%
<b>Rate of Readmissions</b>					8.20%

The applicant discusses the methodology and assumptions used to project utilization in Section III, pages 21-22. The applicant adequately demonstrates that the utilization projections are based on reasonable, credible, and supported assumptions.

The applicant adequately demonstrates the need for the proposed cost overrun. Consequently, the application is conforming to this Criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of

low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

- (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

In Section II.5, pages 16-17, the applicant discusses three alternatives that were considered prior to submitting this application. The first of these was to maintain the status quo by continuing to provide services with the existing 16 adult inpatient psychiatric beds at UNCH at WakeBrook. This alternative was not acceptable because, as stated by the applicant on page 16, “...*Wake County has a compelling need for additional adult inpatient psychiatric beds based on the large numbers of psychiatric patients waiting for admission to the few existing facilities.*” The applicant further states that the demand for adult inpatient psychiatric services has grown dramatically as evidenced by the 95% increase in days of care from 2007 to 2012. In addition, increases in demand are expected due to increasing population growth in Wake County. The applicant concludes that existing capacity will not be sufficient, and therefore, maintaining the status quo will not be an effective alternative.

The second alternative considered was to use alternative locations for the 12 adult inpatient psychiatric beds. The first alternative location was Rex Hospital. However, due to the high costs associated with up fitting two spaces there, transferring and constructing space for the displaced acute care beds, and the development of provider teams and security, this change in location would not be the least costly alternative. The second alternative location would involve the purchase of land, construction of a facility, and providing all of the services that are already in place at the WakeBrook facility. This alternative location was costlier than the first. Therefore, an alternative location will not be an effective alternative.

The third alternative considered by the applicant was to develop the 12 adult inpatient psychiatric beds using the facility plan that had been previously approved in Project I.D. #J-10139-13. The applicant states, on page 16,

*“This was not a workable option because the existing building and previously approved project include building features that are not optimal for high complexity patients including:*

- a) The need to provide additional dining and seclusion room capacity.*
- b) The need to provide separation of the 12-bed unit from the existing 16-bed unit.*

- c) *The need to expand heating and air conditioning capacity and provide an additional emergency generator.”*

The applicant concludes that the proposed project is the most effective alternative due to the following: the staffing infrastructure already exists; the 12 and 16-bed units can be separated, thereby enhancing security and quality of care; and the 12 additional beds will be in close proximity to two main referral sources and to a variety of Wake County Social Services resources needed by many patients upon discharge. In addition, the capital cost of the proposed project is reasonable based on the alternatives considered.

Furthermore, in Project I.D. #J-10139-13, the application was conforming to all other applicable statutory review criteria. An application that cannot be approved cannot be an effective alternative. The applicant adequately demonstrates that the proposal is the least costly or most effective alternative. The application is conforming to this Criterion and approved subject to the following conditions:

- 1. University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook shall materially comply with the representations made in Project I.D. #J-10139-13 and this certificate of need application, Project I.D. #J-10275-14.**
  - 2. University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook shall comply with all conditions of approval on the certificate of need for Project I.D. #J-10139-13, except as specifically modified by the conditions of approval for this application, Project I.D. #J-10275-14.**
  - 3. University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representations in the written statement as described in paragraph one of Policy GEN-4.**
  - 4. The total capital expenditure for both projects combined shall be \$4,557,395.**
  - 5. University of North Carolina Hospitals at Chapel Hill d/b/a University of North Carolina Hospitals at WakeBrook shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to the 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

With the addition of the cost overrun amount of \$729,897 proposed in this application, the applicant projects the total project capital cost to be \$4,557,395. See Criterion (3) for a listing and description of specific changes in the costs by category which is incorporated hereby as if fully set forth herein. In Section VI.5, page 34, the applicant states the capital cost of the project will be funded through accumulated reserves. In Exhibit 29 of the original application, the applicant provides a letter from the Executive Vice President and Chief Financial Officer of UNC Hospitals, which states,

*“This letter is to confirm the availability of funding in excess of \$3,827,498 specifically for use for the capital costs associated with the development of the above referenced project.”*

The letter further states that documentation of funds in excess of the amount quoted above can be found in the fiscal year 2012 audited financial statement provided in Exhibit 30.

In addition, in Exhibit 12, the applicant provides a letter from the Executive Vice President and CFO of UNC Hospitals confirming the availability of funding in excess of \$729,897 for the project. The letter states,

*“This letter is to confirm the availability of funding in excess of \$729,897 specifically for the capital costs associated with the development of the above referenced project.”*

The applicant states, on page 37, that the proposed project will have no start-up costs. The facility’s existing 16 beds became operational in 2013.

Exhibit 13 contains an audited financial statement for University of North Carolina Hospitals at Chapel Hill as of June 30, 2013. The applicant had cash and cash equivalents of \$144,661,238, total operating revenues of \$1,211,773,454, and operating income of \$113,917,326. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant provides pro forma financial statements for the first two full operating years of the project. The applicant projects a net loss in the first full operating year, July 1, 2015 - June 30, 2016, of \$4,326,043, and a net loss of \$3,384,316 in the second full operating year, July 1, 2016 – June 30, 2017. The assumptions used by the applicant in preparation of the pro formas, provided in the financials tab of the application, are reasonable, including projected utilization, costs and charges.

The applicant projects identical patient charges and rates for private pay, Medicaid, and Medicare as those in the original project, Project I.D. #J-10139-13, and states, in Section VIII.6(a), on page 45, “No changes in patient charges are projected.” The existing charges for the facility, the previously approved charges, and the proposed charges are provided by the applicant in Section VIII.1(a), page 38, and are illustrated as follows:

<b>Average Charge</b>	<b>Existing Charge (FY 2014)</b>	<b>Previously Approved Charge</b>	<b>Proposed Charge Year 2 (FY 2017)</b>
Room and Board	\$2,056.40	\$2,310.57	\$2,310.57
Inpatient per diem	\$2,056.40	\$2,310.57	\$2,310.57

The applicant adequately demonstrates that the financial feasibility of the proposal is based on reasonable projections of costs and charges. Therefore, the application is conforming to this Criterion.

- (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 was previously approved to develop 12 adult inpatient psychiatric beds at UNCH at WakeBrook, an existing psychiatric facility in Wake County (Project I.D. #J-10139-13). In Project I.D. #J-10139-13, the application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

In Section V.1, page 27, the applicant states that there will be no changes to staffing as a result of the change in the design of the facility. In Project I.D. #J-10139-13, the application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (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 states, in Section V, pages 27-28, that the project “*resulted from a collaborative planning process with community stakeholders*”, whereby UNCH will be better able to address “*the behavioral health needs of medically underserved patients in Wake County.*” The applicant further states that the primary sources of referrals are Wake County hospitals and WakeBrook Crisis Assessment Services, which allow for improved of coordination of care. Moreover, in Project I.D. #J-10139-13, the application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (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

In Section II.1, page 5, the applicant states that changes are needed to the facility design and patient room configuration to better address the needs of higher acuity psychiatric patients. As stated in Section II, page 8, *“Since the 16 beds have been opened, we have discovered the inpatient population at WakeBrook is more acute than initially projected.”*

This application for a cost overrun seeks only approval for increased capital cost of the project, resulting from a facility design change involving renovation and construction of a new addition. The original project scope will not be changed. In Section VI, pages 32-33, the applicant provides a breakdown of the increased costs, summarized as follows:

**UNCH at WakeBrook  
 Project Capital Costs**

<b>CATEGORY</b>	<b>PREVIOUSLY APPROVED</b>	<b>PROPOSED IN CURRENT APPLICATION</b>	<b>DIFFERENCE</b>
A. Site Preparation Costs	\$211,763	\$339,738	\$127,975
B. Construction Contract	\$2,094,467	\$2,842,669	\$748,202
C. Miscellaneous Project Costs			
a. Fixed equipment – Telecom/Wireless/Nurse Call	\$0	\$45,400	\$45,400
b. Movable equipment	\$587,000	\$349,000	\$(238,000)
c. Furniture	\$175,600	\$150,000	\$(25,600)
d. Landscaping	\$17,005	\$21,672	\$4,667
e. Consultant fees, inc. A&E	\$278,788	\$394,744	\$115,956
f. Contingency	\$462,875	\$414,172	\$(48,703)
D. Subtotal miscellaneous costs	\$1,521,268	\$1,374,988	\$(146,280)
<b>E. Total Capital Cost</b>	<b>\$3,827,498</b>	<b>\$4,557,395</b>	<b>\$729,897</b>

The applicant states, in Section IX.3, page 49, that it proposes an increase in square footage of the adult psychiatric inpatient facility, from 19,371 square feet to 26,619 square feet. Therefore, there will be 7,248 square feet of new construction which is an increase of 1,754 square feet from the original proposal of 5,494 square feet of new construction (Project I.D. #J-10139-13). In addition, the applicant proposes to renovate 440 square feet of the existing facility. The redesign of the facility will create a more home-like environment, creating additional dining/meeting space and visitor space, and accommodate an additional nursing station and space for additional mechanical and electrical equipment. A line drawing of the facility is provided by the applicant in Exhibit 7.

The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative and that the construction costs will not unduly increase the costs and charges of the proposed services. See Criterion (5) for discussion regarding costs and charges which is incorporated hereby as if fully set forth herein. Therefore, the application is conforming to this Criterion.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section IV.2, page 23, the applicant states, “*UNC Hospitals has traditionally provided services to a wide variety of patient groups.*” The applicant provides utilization percentages for low income and medically underserved populations for UNC Hospitals as a whole and for its inpatient psychiatric services on page 23, illustrated as follows:

	<b>Low Income</b>	<b>Racial &amp; Ethnic Minorities</b>	<b>Women</b>	<b>Elderly</b>	<b>Other Underserved</b>
<b>UNC Hospitals</b>	17.4%	36.5%	59.1%	22.3%	10.3%
<b>Inpatient Psychiatric Services</b>	25.4%	28.1%	55.1%	8.8%	15.7%

In addition, the applicant’s original application, Project I.D. #J-10139-13, was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

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

C

The applicant’s original application, Project I.D. #J-10139-13, was conforming to this Criterion, and the applicant proposes no changes in the current application

that would affect that determination. Consequently, 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 IV.6, page 26, the applicant provides the payer mix for the second full fiscal year of the proposed adult inpatient psychiatric beds, as illustrated in the following table. There is no change from the payer mix previously approved in Project I.D. #J-10139-13.

**Payer Mix  
 Projected Patient Days as Percent  
 of Total Patient Days**

Payer Source	Cost Overrun Application
Self-Pay/Indigent/Charity	27.0%
Medicare/ Medicare Managed Care	4.0%
Medicaid	35.0%
Commercial Insurance and Managed Care	4.0%
Other (IPRS)*	30.0%
<b>Total</b>	<b>100.0%</b>

\*IPRS, Integrated Payment and Reporting System, consists of pass-through funds from the state, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and the area Local Management Entity - Managed Care Organization.

Moreover, in Project I.D. #J-10139-13, the application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section IV.5, page 24, the applicant states,

*“Patients seen at UNC Hospitals are either self-referred, referred by their personal physicians or by a member of the medical staff at UNC Hospitals.”*

In addition, on page 25, the applicant provides a listing of hospitals, facilities and agencies throughout the state from which they have received referrals. Exhibit 15 includes letters of support for the project from area physicians. Moreover, the application was conforming to this Criterion in Project I.D. #J-10139-13 and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Project I.D. #J-10139-13, the application was conforming to this Criterion and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (15) Repealed effective July 1, 1987.  
(16) Repealed effective July 1, 1987.  
(17) Repealed effective July 1, 1987.  
(18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant was previously approved to add 12 adult inpatient psychiatric beds (Project I.D. #J-10139-13) to its existing 16-bed inpatient psychiatric facility, UNC Hospitals at WakeBrook in Wake County. The application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

- (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.

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The original application, Project I.D. #J-10139-13, was found to be conforming to this Criterion. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred at UNCH at WakeBrook between the date of the decision for Project I.D. #J-10139-13, September 25, 2013, and the date of this decision. Consequently, the application is conforming to this Criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

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