

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: July 27, 2015

Findings Date: July 27, 2015

Project Analyst: Mike McKillip

Team Leader: Lisa Pittman

Project ID #: J-11036-15

Facility: Triangle Springs

FID #: 150205

County: Wake

Applicants: Triangle Springs, LLC  
Propstone, LLC

Project: Develop a new psychiatric facility with 43 adult psychiatric inpatient beds pursuant to the need determination in the 2015 SMFP

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The applicants, Triangle Springs, LLC and Propstone, LLC [**Triangle Springs**] propose to develop 43 adult psychiatric beds at a new psychiatric facility to be located on T.W. Alexander Drive in Raleigh (Wake County).

The 2015 State Medical Facilities Plan (SMFP) contains a need methodology for determining the number of new adult psychiatric inpatient beds needed by service area. Application of the need methodology in the 2015 SMFP identified a need for 43 additional adult psychiatric inpatient beds in the area served by the Alliance Behavioral Healthcare local management entity-managed care organization (LME-MCO), which includes Cumberland, Durham,

Johnston and Wake counties. The applicants do not propose to add more than 43 beds; therefore, the application is conforming with the need determination in the 2015 SMFP.

### **Policies**

There are three policies in the 2015 SMFP which are applicable to this review: Policy MH-1: Linkages between Treatment Settings, Policy GEN-3: Basic Principles, and Policy GEN-4: Energy Efficiency & Sustainability for Health Service Facilities.

Policy MH-1 states:

*“An applicant for a certificate of need for psychiatric, substance abuse, or Intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services.”*

Exhibit 20 contains a copy of a letter, dated April 15, 2015, from the applicants to Alliance Behavior Healthcare, the LME-MCO, inviting them to comment on the proposed project. The application is conforming to Policy MH-1.

Policy GEN-3: Basic Principles, states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

### **Promote Safety and Quality**

In Section II.11, pages 31-32, and Section III.2, pages 75-76, the applicants discuss how the project will promote safety and quality. Exhibit 10 contains a copy of the applicants’ *“Organizational Quality Improvement Plan.”* The applicants adequately demonstrate how the proposal will promote safety and quality in the delivery of inpatient psychiatric services.

### **Promote Equitable Access**

In Section III.2, pages 74-75, and Section VI, pages 95-106, the applicants discuss how the project will promote equitable access to psychiatric services. The applicants adequately

demonstrate that the proposal will promote equitable access for medically underserved populations.

### Maximizing Healthcare Value

In Section III.2, page 76, the applicants state:

*“Triangle Springs believes that its proposed facility will maximize healthcare value. Additional access to adult psychiatric inpatient beds will reduce strain on local emergency departments and general acute care hospital beds. Psychiatric patients will be appropriately treated within a dedicated inpatient facility rather than extended stays in an emergency department or observation unit.”*

The applicants adequately demonstrate the proposal will maximize healthcare value. See Criterion (3) for discussion regarding the need for the project which is incorporated herein by reference. See Criterion (5) for discussion regarding revenues and costs which is incorporated herein by reference. The application is conforming to Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, states:

*“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

The proposed capital expenditure for this project is greater \$5 million. In Section III.2, pages 76-77, the applicants state,

*“The proposed project is also conforming to Policy GEN-4.*

- *The facility will be designed in compliance with the following codes: 2012 NC Administrative Code, 2012 NC Building Code, 2012 NC Energy Conservation Code, 2012 NC Mechanical Code, 2012 NC Plumbing Code and 2012 NC Fuel Code.*
- *The plumbing design includes sensor-operated faucets and low flow toilets to minimize water usage.*
- *The mechanical system features a building automation system to maximize energy efficient operation. Variable air volume HVAC systems are used to optimize the indoor environment while minimizing air flows and mechanical horsepower. Energy recovery systems are also employed to recover heat rejected from the building exhaust systems.*
- *Automatic lighting controls are specified to reduce energy consumption by turning off lights in unoccupied spaces. Daylight controls are used in areas of the building where appropriate. Customer electronic metering is designed to aid the building owner in evaluating ongoing energy use.*
- *The buildings envelope will be designed with elements of energy efficiency, such as, but not limited to, continuous insulation, energy efficient glazing and a high reflective roof membrane.*

*Designing in compliance with these codes and practices shall allow for reduced operational costs.”*

The application is consistent with Policy GEN-4.

### **Conclusion**

In summary, the application is conforming with Policy MH-1, Policy GEN-3, Policy GEN-4, and the need determination in the 2015 SMFP for new adult psychiatric inpatient beds. Therefore, the application is conforming with 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.

The applicants, Triangle Springs, propose to develop 43 adult psychiatric inpatient beds at a new psychiatric facility to be located on T.W. Alexander Drive in Raleigh (Wake County) pursuant to the need determination in the 2015 SMFP.

### **Population to be Served**

On page 368, the 2015 SMFP defines the service area for psychiatric inpatient beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located.*” Thus, the service area consists of Cumberland, Durham, Johnston and Wake counties. Facilities may serve residents of counties not included in their service area.

In Section III.5, page 80, the applicants provides the projected patient origin for adult psychiatric inpatient services during the first two full fiscal years following project completion, as summarized in the table below.

**Triangle Springs  
Projected Patient Origin (CY2018-CY2019)**

<b>County</b>	<b>Percent of Total Patients</b>
Wake	53.6%
Durham	22.1%
Cumberland	1.3%
Johnston	0.6%
Other*	22.4%
<b>TOTAL</b>	<b>100.0%</b>

\*The applicants provide a list of the counties included in the “*Other*” category on page 80 of the application.

In Sections III.5, page 80, the applicants describes their assumptions regarding projected patient origin as follows:

*“As discussed in Section III.1.b, Triangle Springs determined its immigration assumption from the average historical experience of Holly Hill Hospital and UNC Hospitals at WakeBrook. Similarly, Triangle Springs determined its projected patient origin based on the average experience of these two existing hospitals, adjusted for the proposed location’s proximity to Durham County.”*

The applicants adequately identified the population proposed to be served.

### **Analysis of Need**

In Section III.1(a) and (b) of the application, the applicants describe the factors which they state support the need for the proposed project, including:

- The 2015 SMFP need determination methodology has historically understated the need and a high percentage of service area patients are currently treated at psychiatric inpatient facilities located out of the service area (pages 42-44).
- Historical and projected growth in the service area population (pages 44-45).
- Community Health Need Assessments prepared by local acute care hospitals and the long emergency department wait times experienced by patients waiting to be placed in an adult psychiatric inpatient bed (pages 45-49).
- Recent actions by the North Carolina General Assembly to encourage a new statewide effort to improve mental health and substance abuse crisis services in North Carolina (pages 49-50).
- The expected effects of expanded insurance coverage for mental health and substance abuse treatment services mandated under the Affordable Care Act (pages 50-52).
- The need for partial hospitalization and outpatient services (page 53).
- The need for an alternative provider of psychiatric inpatient services with a focus on outcomes, development of alternative approaches, and the medically underserved (pages 53-56).
- The need for better geographic distribution of psychiatric inpatient services within the service area (page 56-60).

In Section IV.1, pages 85-86, the applicants provide projected utilization for the proposed 43 adult psychiatric inpatient beds through the first two years of operation following completion of the project (CY2018-CY2019), which is summarized below.

<b>Operating Year 1 – CY2018</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Total</b>
Licensed Inpatient Psychiatric Beds	43	43	43	43	43
Admissions	196	311	346	361	1,214
Patient Days of Care	1,567	2,492	2,769	2,888	9,716
Average Length of Stay (ALOS)	8.0	8.0	8.0	8.0	8.0
<b>Occupancy Rate</b>	<b>39.9%</b>	<b>63.5%</b>	<b>70.6%</b>	<b>73.6%</b>	<b>61.9%</b>

<b>Operating Year 2 – CY2019</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Total</b>
Licensed Inpatient Psychiatric Beds	43	43	43	43	43
Admissions	363	379	393	408	1,543
Patient Days of Care	2,903	3,035	3,145	3,264	12,346
Average Length of Stay (ALOS)	8.0	8.0	8.0	8.0	8.0
<b>Occupancy Rate</b>	<b>74.0%</b>	<b>77.3%</b>	<b>80.2%</b>	<b>83.2%</b>	<b>78.7%</b>

As shown in the above table, the applicants project they will have an occupancy rate of 83% in the fourth quarter of the second operating year (CY2019), which exceeds the utilization standards required in 10A NCAC 14C .2603(b).

The applicants describe the assumptions and methodology used to project utilization in Section III.1(b), pages 63-73. First, the applicants project the adult population of the Alliance Behavioral Health LME service area based on North Carolina Office of State and Budget Management for the period FFY2013 through FFY2021 (See table on page 64). Then, the

applicants project the population use rates for adult psychiatric inpatient services. On page 64, the applicants state,

*“In order to remain conservative, as well as consistent with the 2015 SMFP, Triangle Springs projects that the adult psychiatric inpatient use rate (days per 1,000 population) will remain constant from FFY 2013 to 2017 at 57.1 days per 1,000 adult population. Beginning in FFY 2018, Triangle Springs assumes that the use rate will increase 6.4 percent annually, or one half of the growth experienced from FFY 2012 to 2013.*

**Alliance Behavioral Healthcare LME-MCO Service Area  
Adult Psychiatric Inpatient Day Use Rate Projections**

	<b>FFY12</b>	<b>FFY13</b>	<b>FFY17</b>	<b>FFY18</b>	<b>FFY19</b>	<b>FFY20</b>	<b>FFY21</b>	<b>CAGR</b>
<i>Use Rate per 1,000</i>	50.7	57.1	57.1	60.8	64.7	68.8	73.2	4.2%
<i>Percent Growth</i>	43.2%	12.7%	0.0%	6.4%	6.4%	6.4%	6.4%	NA

Source: 2014 and 2015 SMFP for 2012, 2013, 2017 figures.

*Triangle Springs believes these use rate projections are conservative as the overall projected CAGR from FFY 2012 to 2020 is 4.2 percent, well below the rate of growth experienced historically.”*

The applicants apply the projected use rates for the years FFY 2017 through FFY 2021 to the projected adult population in the service area to project the total adult psychiatric inpatient days, as shown in the following table:

**Alliance Behavioral Healthcare LME-MCO Service Area  
Projected Adult Psychiatric Inpatient Days**

	<b>FFY17</b>	<b>FFY18</b>	<b>FFY19</b>	<b>FFY20</b>	<b>FFY21</b>	<b>CAGR</b>
Adult Population	1,419,826	1,440,870	1,463,200	1,485,533	1,507,859	1.5%
Use Rate per 1,000	57.1	60.8	64.7	68.8	73.2	6.4%
Adult Psychiatric Inpatient Days	81,137	87,589	94,616	102,183	110,330	8.0%

Source: Table on page 65 of the application.

The applicants then convert the projections from a Federal fiscal year (FFY) basis to a calendar year (CY) basis for the first three projection years as follows:

	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>
Adult Psychiatric Inpatient Days	89,345	96,508	104,220

Source: Table on page 66 of the application.

The applicants assume that the Triangle Springs facility will have a market share of 9.9 percent. The applicants based their projected market share on the experience of Holly Hill Hospital in FY2013. On pages 66-68, the applicants state,

*“In order to estimate its projected share of ABH LME service area adult psychiatric inpatient days, Triangle Springs examined the current experience of Holly Hill Hospital. According to its 2014 license renewal application, Holly Hill Hospital provided 22,495 adult psychiatric inpatient days to patients originating from the ABH LME service area in 2013. Based on total 2013 adult psychiatric inpatient days for the ABH LME service area reported by the 2015 SMFP, Holly Hill’s share of total days was 29.9 percent. ... Holly Hill Hospital operates 80 adult psychiatric inpatient beds or 43.0 percent of the total operational beds in the ABH LME service area (43 percent = 80 Holly Hill / 186 total beds per the 2015 SMFP). As such, Holly Hill Hospital’s market share has a ratio of 0.70 to its share of beds [29.9% / 43.0% = 0.70].”*

*Triangle Springs proposes to develop 43 adult psychiatric inpatient beds. According to the 2015 SMFP, the ABH LME service area has an inventory of 258 existing and approved, but not operational adult psychiatric inpatient beds. As such, once operational, Triangle Springs will have 14.3 percent of beds in the LME (14.3 percent = 43 proposed beds / [258 existing and approved beds + 43 proposed beds]).*

*As noted above, Holly Hill Hospital’s market share of the ABH LME service area has a ratio of 0.70 to its market share. Triangle Springs assumes its facility will have a consistent ratio and thus its market share will be 9.9 percent, as shown below.*

**Triangle Springs Market Share Calculation**

	<i>Assumed Share</i>
<i>Bed Share</i>	<i>14.3%</i>
<i>Assumed Ratio to Market Share</i>	<i>0.70</i>
<i>Ratio</i>	<i>9.9%</i>

*In order to account for a ramp-up period, Triangle Springs assumes that its first year market share will be 85 percent of the assumed share (8.4 percent = 85 percent X 9.9 percent) and that in the subsequent years it will achieve 9.9 percent share.”*

Based on these market share assumptions, the applicants project the total adult psychiatric inpatients days of care to be provided to residents of the ABH LME service at the proposed facility in the first three operating years, as shown in the following table:

**Projected ABH LME Service Area Days of Care at Triangle Springs**

	<b>PY1 CY2018</b>	<b>PY2 CY2019</b>	<b>PY3 CY2020</b>
Projected Adult Psychiatric Patient Days of Care	89,345	96,508	104,220
Projected Triangle Springs Market Share	8.4%	9.9%	9.9%
Projected Triangle Springs Patient Days of Care	7,543	9,586	10,352



Based on the historical in-migration experience of existing providers in the proposed service area, the applicants assume that an additional 22.4 percent of their total patient days will be provided to patients that originate from outside the ABH LME service area. On pages 71-72, the applicants state,

*“Based on these factors, Triangle Springs believes that an assumed immigration rate of 22.4 percent from outside the ABH LME service area, or the average of Holly Hill Hospital and UNC Hospitals at WakeBrook, is a reasonable assumption for its proposed facility. The table below provides Triangle Springs’s projected immigration.*

***Triangle Springs Immigration Days***

	<b><i>PY1-CY18</i></b>	<b><i>PY2-CY19</i></b>	<b><i>PY3-CY20</i></b>
<i>Triangle Springs Days Originating in ABH LME Service Area</i>	7,543	9,586	10,352
<i>Immigration Assumption</i>	22.4%	22.4%	22.4%
<i>Immigration Days = (ABH LME / [1 – 22.4%]) X 22.4%</i>	2,172	2,761	2,981

*Based on the projections described above, Triangle Springs projects to provide 13,333 adult psychiatric inpatient days in the third project year with an occupancy rate of 85 percent of the 43 proposed beds.*

***Triangle Springs Projected Utilization***

	<b><i>PY1-CY18</i></b>	<b><i>PY2-CY19</i></b>	<b><i>PY3-CY20</i></b>
<i>Days Originating in ABH LME Service Area</i>	7,543	9,586	10,352
<i>Immigration Days</i>	2,172	2,761	2,981
<i>Total Days</i>	9,176	12,346	13,333
<i>ADC</i>	26.6	33.8	36.5
<i>Beds</i>	43	43	43
<i>Occupancy</i>	61.9%	78.7%	85.0%

As shown above, the applicants’ utilization projections are based on adult population projections for the ABH LME service area, projected use rates for adult psychiatric inpatient services, and market share and in-migration projections that are based on the recent experience of existing providers in the proposed service area. Exhibit 30 contains letters of support for the proposed project from physicians and other mental health providers in the proposed service area. Projected utilization is based on reasonable and adequately supported assumptions. Therefore, the applicants adequately demonstrate the need to develop 43 adult psychiatric inpatient beds at the proposed new facility in Wake County.

**Access**

In Section VI.2, pages 95-96, the applicants state that Triangle Springs will provide services to all patients who meet medical criteria and are age appropriate regardless of their ability to pay, racial/ethnic origin, age, gender, physical or mental conditions or other conditions that would classify them as underserved. The applicants adequately demonstrate the extent to

which all residents of the area, including underserved groups, are likely to have access to the proposed services.

### **Conclusion**

In summary, the applicants adequately identified the population to be served, demonstrated the need the population has for the project and demonstrated the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. Therefore, 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 III.3, pages 78-79, the applicants describe the alternatives considered prior to submitting this application for the proposed project, which include:

- Maintain the Status Quo –The applicants state that maintaining the status quo is not an effective alternative due to need for locally available adult psychiatric inpatient beds as documented in Section III.1 of the application.
- Develop Fewer Than 43 Beds – The applicants states this alternative was rejected because it would be less cost-effective and not meet the need in the community for adult psychiatric inpatient services.
- Construct the New Facility Elsewhere in the Service Area – The applicant states a new facility in the proposed location is the most effective choice given the road and highway access to the site, and the lack of available facilities in proximity to the area.

After considering those alternatives, the applicants state the alternative represented in the application is the most effective alternative to meet the identified need.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicants adequately demonstrate that the proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

1. **Triangle Springs, LLC and Propstone, LLC shall materially comply with all representations made in the certificate of need application.**
  2. **Triangle Springs, LLC and Propstone, LLC shall develop no more than 43 adult psychiatric inpatient beds.**
  3. **Triangle Springs, LLC and Propstone, LLC shall accept patients requiring involuntary admission for inpatient psychiatric services.**
  4. **Triangle Springs, LLC and Propstone, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII.1, pages 116-117, the applicants state the total capital cost of the project is projected to be \$15,821,800, of which \$14,574,800 will be incurred by Propstone, LLC and \$1,247,000 will be incurred by Triangle Springs, LLC. In Section IX.1, page 122, the applicants state there will be \$730,898 in start-up expenses and \$1,872,519 in initial operating expenses for total working capital required of \$2,603,417.

In Section I.2, page 6, the applicants, Triangle Springs, LLC and Propstone, LLC, identify their parent company as Springstone, LLC. In Section VIII.2, page 118, the applicants state that the project capital costs will be funded by Welsh, Carson, Anderson & Stowe XI, L.P. The applicants state, "*Welsh, Carson, Anderson, & Stowe XI, L.P. (WCAS) is a private equity company which holds a majority ownership stake in Springstone, LLC. WCAS has agreed to fund the proposed adult inpatient psychiatric facility to be developed through Springstone's subsidiaries, Triangle Springs, LLC on property owned by Propstone, LLC.*" In Section IX.2, page 122, the applicants state that the working capital will also be funded by WCAS. In Exhibit 25, the applicants provide a letter dated April 15, 2015, from the Managing Member of WCAS XI Associates, LLC, which states,

*"Welsh, Carson, Anderson, & Stowe XI, L.P. (WCAS), holding a majority ownership stake in Springstone, LLC, hereby confirms its commitment to make available the capital necessary to fund the proposed adult inpatient psychiatric facility to be effected through Springstone's subsidiaries, Triangle Springs, LLC on property*

*owned by Propstone, LLC. This commitment includes capital expenditures up to \$17,000,000 and working capital up to \$3,000,000 for a total of \$20,000,000.*

In Section VIII.5, page 119, the applicants state, “*Depending on the timing of the proposed project, the funds will be drawn from ‘Portfolio investments,’ ‘Escrow receivable,’ or ‘Cash and cash equivalents.’*” Exhibit 26 contains the WCAS Consolidated Balance Sheets which indicate that as of December 31, 2014, WCAS had \$3.0 billion in “*Portfolio investments,*” \$69.5 million in “*Escrow receivable*” and \$40.3 million in cash and cash equivalents. The applicants adequately demonstrate the availability of sufficient funds for the capital needs of the project.

In the pro forma financial statement for the hospital (Form B), the applicants project that revenues will exceed operating expenses in the second and third operating years of the project, as illustrated in the table below.

	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>
Total Operating Revenue	\$7,095,882	\$9,862,120	\$10,831,100
Total Operating Expenses	\$8,968,401	\$9,347,088	\$10,069,061
Net Income	(\$1,872,519)	\$515,032	\$762,039

The assumptions used by the applicants in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions used regarding costs and charges. See Criterion (3) for discussion of utilization projections which are incorporated herein by reference. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon 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 applicants, Triangle Springs, propose to develop 43 adult psychiatric inpatient beds at a new psychiatric facility to be located on T.W. Alexander Drive in Raleigh (Wake County) pursuant to the need determination in the 2015 SMFP.

On page 368, the 2015 SMFP defines the service area for inpatient psychiatric beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located.*” Thus, the service area consists of Cumberland, Durham, Johnston and Wake counties. Facilities may serve residents of counties not included in their service area.

According to the inventory of adult psychiatric beds in the Table 15A of the 2015 SMFP (pages 370-371), there are a total of 1,699 adult psychiatric inpatient beds in the state,

excluding beds in State Hospitals. However, in the applicant’s LME-MCO, Alliance Behavioral Health, there are six hospitals with a total of 186 existing licensed adult psychiatric beds and 72 CON-approved adult psychiatric beds, as shown in the table below:

<b>Name of Facility</b>	<b>County</b>	<b>Licensed Beds</b>	<b>License Pending</b>	<b>Total Adult Inventory</b>
Cape Fear Valley Medical Center	Cumberland	28	0	28
Duke Regional Hospital	Durham	23	0	23
Duke University Medical Center	Durham	19	0	19
Johnston Memorial Hospital	Johnston	20	0	20
Holly Hill Hospital	Wake	80	60	140
UNC Hospitals at Wakebrook	Wake	16	12	28
<b>Totals</b>		<b>186</b>	<b>72</b>	<b>258</b>

Source: 2015 SMFP, Table 15A, page 370.

Of the 1,699 existing adult psychiatric inpatient beds in North Carolina, excluding beds in State Hospitals, only 186 or 10.9% ( $186/1,699 = 0.109$ ) are located in the applicant’s service area. In addition, on July 26, 2014, the Agency issued a certificate of need to Holly Hill Hospital to increase the number of adult psychiatric inpatient beds. In that application, Holly Hill Hospital reported an average annual occupancy rate of 122% for its 80 existing adult psychiatric inpatient beds in the prior year of operation (CY2013).

In Section III.1, pages 42-44, the applicants discuss the adult psychiatric inpatient bed need methodology published in the 2015 SMFP. The applicants state the actual demand for adult psychiatric inpatient beds has outpaced projections, and a large proportion of patients needing psychiatric inpatient services must seek care outside the service area. In Section III.1(a), page 49, the applicants state the development of the adult psychiatric inpatient beds as proposed will have a positive impact on existing services because it will reduce the wait times for patients seeking admission to an inpatient psychiatric facility, and decrease the burden on overwhelmed hospital emergency departments in the service area. In Section V.6, page 92, the applicants state the development of these beds as proposed will improve access to adult psychiatric inpatient services for patients who are currently unable to access services due to a lack of adequate insurance coverage.

Therefore, the applicants adequately demonstrate that the proposed project will not result in unnecessary duplication of existing or approved adult inpatient psychiatric services. 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.

In Section VII.2, pages 108-109, the applicants provide the proposed staffing for the new psychiatric facility in operating year 2 (CY2019), as shown in the table below.

<b>Position</b>	<b>Number of Staff (FTE)</b>
Psychiatrists	Contract
Psychologists	Contract
Therapists (Psychiatric social workers, etc.)	7.5
Psychiatric Registered Nurses	23.2
Housekeeping and Laundry	3.6
Nursing Assistants/Aides/Orderlies	24.7
Medical Records	1.0
Dietary	4.1
Engineering/Maintenance	1.0
Chief Executive Officer & Chief Financial Officer	2.0
Finance/Business Office	1.1
Other (Administrative/Clerical/Support)	22.9
<b>TOTAL</b>	<b>91.1</b>

Source: Table VII.2, pages 108-109.

In Section VII.3, page 109-110, the applicants describes their experience and process for recruiting and retaining staff. In Section VII.8, page 114, the applicant identifies Mark E. Blair, M.D., as the Medical Director for the proposed facility. Exhibit 12 contains a copy of a letter from Dr. Blair expressing his support for the project and willingness to serve as Medical Director. Exhibit 30 of the application contains copies of letters from area physicians and other healthcare providers expressing support for the proposed project. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, 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

In Section II.3, pages 26-27, and Section II.9, pages 29-30, the applicants describe the proposed providers of the necessary ancillary and support services. Exhibit 9 contains examples of service contracts with providers of laboratory and pharmacy services. Exhibit 30 contains letters of support from physicians and other health care providers. Exhibit 30 contains a letter of support from WakeMed which expresses their intention to refer patients to the proposed facility. The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare system. Therefore, 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

The applicants propose to develop the 43 adult psychiatric beds in a new 53,095 square foot facility to be located at 7800 T.W. Alexander Drive in Raleigh. Exhibit 24 contains a letter from an architect that estimates site preparation costs of \$849,733 and construction costs of \$10,494,413, which corresponds to the project capital cost projections provided by the applicants in Section VIII.1, page 116, of the application. In Section XI.7, pages 139-140, the applicants describe the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrated that the cost, design and means of construction represent the most reasonable alternative, and

that the construction cost will not unduly increase costs and charges for health services. 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;

NA

(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;

NA

(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 VI.12, pages 102, the applicants provide the projected payer mix for the second full operating year following completion of the proposed project, as summarized in the table below.

<b>Payers</b>	<b>Percent of Total Patient Days</b>
Self Pay/Indigent/Charity	13.0%
Medicare/Medicare Managed Care	31.0%
Medicaid	1.0%
Managed Care/Commercial	51.5%
Other Government/TriCare	3.5%
<b>TOTAL</b>	<b>100.0%</b>

Source: Application page 102.

On pages 102-103, the applicants state,



*“The payor mix for the proposed project is based on the experience of Springstone, applied to the proposed service area, as well as the payor mix of existing similar providers in the service area. ... As a new provider, Triangle Springs does not yet have a contract with an LME-MCO, the organizations that provide coverage for the proposed service for North Carolina Medicaid recipients under a Medicaid waiver. As discussed elsewhere in the application, Medicaid patients between the ages of 22 and 64 are prohibited under federal rules from receiving the proposed services, unless under an approved Medicaid waiver, such as those operated by the LME-MCOs. ... As such, Triangle Springs conservatively assumes that it will provide coverage for these patients through charity care and write-offs for self-pay patients, not Medicaid.”*

In Section VI.12, pages 104, the applicants provide the projected payer mix for the second full operating year following completion of the proposed project, assuming they are able to enter into a contract with the LME-MCO, Alliance Behavioral Health, as summarized in the table below.

<b>Payers</b>	<b>Percent of Total Patient Days</b>
Self Pay/Indigent/Charity	1.0%
Medicare/Medicare Managed Care	31.0%
Medicaid	13.0%
Managed Care/Commercial	51.5%
Other Government/TriCare	3.5%
<b>TOTAL</b>	<b>100.0%</b>

Source: Application page 104.

On pages 104-105, the applicants state,

*“If Triangle Springs is able to enter into a contract for patients of the LME-MCO, or if the IMD exclusion for adult Medicaid patients in a freestanding psychiatric hospital is repealed, as a Medicaid-certified facility, Triangle Springs will be able to accept Medicaid patients. ... As shown, the difference in the table above compared to the payor mix table without an LME contract is the shift of patients from self-pay/charity to Medicaid. Triangle Springs projects a higher percentage of Medicaid as compared to Holly Hill (13 percent versus 10 percent), as it will be located closer to Durham County, which according to the Division of Medical Assistance, had 16 percent of its population Medicaid eligible versus Wake County’s 10 percent. ... Triangle Springs believes the payor mix projected in the table above is reasonable, and reaffirms its commitment to working with the local LME-MCOs to establish a contract to care for Medicaid-eligible patients under the Medicaid managed care program.”*

As shown in the table above, the applicants project that 44% of all adult psychiatric inpatient days of care will be provided to recipients of Medicare and Medicaid, assuming they able to enter into a contract with Alliance Behavioral Health. The applicants demonstrated that medically underserved population will have adequate access to the services offered at Triangle Springs. Therefore, 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 VI.8, page 99, the applicants describe the range of means by which a person will have access to Triangle Springs' services, including self-admission, physician referral, patient's family, hospitals, residential care facilities and outpatient providers. The applicants adequately demonstrate that the facility will offer a range of means by which patients will have access to adult psychiatric inpatient services. Therefore, 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 Section V.1, page 87, the applicants state that all existing Springstone hospitals in other states have established relationships with local community training programs, and the applicants expect to offer the same opportunities to local health professional training programs. Exhibit 21 contains copies of correspondence to area health professional training programs expressing an interest on the part of the applicants to enter into clinical training agreements. The information provided is reasonable and credible and supports a finding of conformity 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 applicants, Triangle Springs, propose to develop 43 adult psychiatric inpatient beds at a new psychiatric facility to be located on T.W. Alexander Drive in Raleigh (Wake County) pursuant to the need determination in the 2015 SMFP. There are currently two facilities in Wake County with adult psychiatric inpatient beds listed in the inventory in the 2015 SMFP. Holly Hill Hospital, which has 140 beds (80 existing and 60 under development) and UNC Hospitals at Wakebrook, which has 28 beds (16 existing and 12 under development).

According to the inventory of adult psychiatric beds in the Table 15A of the 2015 SMFP (pages 370-371), there are a total of 1,699 adult psychiatric inpatient beds in the state, excluding beds in State Hospitals. However, in the applicants' LME-MCO, Alliance Behavioral Health, there are six hospitals with a total of 186 existing licensed adult psychiatric beds and 72 CON-approved adult psychiatric beds, as shown in the table below:

Name of Facility	County	Licensed Beds	License Pending	Total Adult Inventory
Cape Fear Valley Medical Center	Cumberland	28	0	28
Duke Regional Hospital	Durham	23	0	23
Duke University Medical Center	Durham	19	0	19
Johnston Memorial Hospital	Johnston	20	0	20
Holly Hill Hospital	Wake	80	60	140
UNC Hospitals at Wakebrook	Wake	16	12	28
<b>Totals</b>		<b>186</b>	<b>72</b>	<b>258</b>

Source: 2015 SMFP, Table 15A, page 370.

Of the 1,699 existing adult psychiatric inpatient beds in North Carolina, excluding beds in State Hospitals, only 186 or 10.9% ( $186/1,699 = 0.109$ ) are located in the applicant's service area. In addition, on July 26, 2014, the Agency issued a certificate of need to Holly Hill Hospital to increase the number of adult psychiatric inpatient beds. In that application, Holly Hill Hospital reported an average annual occupancy rate of 122% for its 80 existing adult psychiatric inpatient beds in the prior year of operation (CY2013).

In Section V.6, pages 92-93, the applicants discuss how any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services. The applicants state

*“As discussed above in Section III.1.a, the challenge for many patients is overcoming a lack of funding. While the medically underserved typically include Medicare, Medicaid, and the indigent uninsured, among others, Medicaid-eligible adults face a more difficult challenge for psychiatric care than for physical health issues, as Medicaid does not cover treatment in an Institution for Mental Disease (IMD) for individuals between 22*

*and 64. ... Thus, Medicaid-eligible patients between 22 and 64 generally have no coverage for psychiatric care. ... While providers in the area typically provide two to three percent of their patient days for self-pay and charity care patients, under the assumptions that it will not receive payment from the LME-MCO, Triangle Springs is projecting an average of 12 percent of its days for self-pay and charity care, which includes otherwise Medicaid-eligible patients. ... Additionally, Triangle Springs believes its proposed location will increase geographic accessibility of these services in the region.*

*From the inception of Springstone, the parent of Triangle Springs, management has focused on the need to 'move the needle' regarding the treatment of patients with mental health disorders. For many years, providers of behavioral health services, particularly those with a large national presence, have focused on treatment, without a high regard for outcomes. ... In contrast, Springstone facilities are committed to evidence-based approaches that improve outcomes for its patients. ... As such, the proposed facility will deliver high quality care to its patients.*

*Triangle Springs believes that its proposed facility will maximize healthcare value. Additional access to adult psychiatric inpatient beds will reduce strain on local emergency departments and general acute care hospital beds. Psychiatric patients will be appropriately treated within a dedicated inpatient facility rather than extended stays in an emergency department or observation unit."*

See also Sections II, III, V, VI and VII where the applicants discuss the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicants in the application is reasonable and adequately demonstrates that any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need for the project and that it is a cost-effective alternative. The discussions regarding the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicants adequately demonstrate they will provide quality services; and
- The applicants adequately demonstrate that they will provide adequate access to medically underserved populations. The discussion regarding access found in Criterion (13) is incorporated herein by reference.

Therefore, 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.

NA

In Section I.12, page 15, the applicants state that they do not currently own, lease, or manage any psychiatric facilities in North Carolina.

- (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.

C

The application is conforming to all applicable Criteria and Standards for Psychiatric Beds promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

#### **10A NCAC 14C .2602 INFORMATION REQUIRED OF APPLICANT**

- (a) *An applicant proposing to establish new psychiatric beds shall project resident origin by percentage by county of residence. All assumptions and the methodology for projecting occupancy shall be stated.*
- C- In Section III.5, pages 80-83, the applicants provide projected patient origin by percentage by county of residence and all assumptions and the methodology used for the projections.
- (b) *An applicant proposing to establish new psychiatric beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project, including average length of stay. All assumptions and the methodology for projecting occupancy shall be stated.*
- C- In Section IV.1, pages 85-86, the applicants provide the projected utilization and the occupancy level for the proposed inpatient psychiatric beds for each of the first eight calendar quarters following project completion, including the average length of stay. The assumptions and methodology used are stated in Section III.1, pages 61-73. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (c) *The applicant shall provide documentation of the percentage of patients discharged from the facility that are readmitted to the facility at a later date.*
- NA- Triangle Springs is not an existing facility.

- (d) *An applicant proposing to establish new psychiatric beds shall describe the general treatment plan that is anticipated to be used by the facility and the support services to be provided, including provisions that will be made to obtain services for patients with a dual diagnosis of psychiatric and chemical dependency problems.*
- C- See Section II.2, pages 17-26, for the adult psychiatric inpatient services to be provided. See Section II.3, pages 26-27, for support services, and Section II.4, page 27, for provision for dual diagnosis patients. In Section II.8, page 28, and Exhibit 8, the applicants describe the general treatment plan that is anticipated to be used by Triangle Springs.
- (e) *The applicant shall document the attempts made to establish working relationships with the health care providers and others that are anticipated to refer clients to the proposed psychiatric beds.*
- C- Exhibit 30 contains letters of support from physicians and other healthcare providers in the proposed service area.
- (f) *The applicant shall provide copies of any current or proposed contracts or agreements or letters of intent to develop contracts or agreements for the provision of any services to the clients served in the psychiatric facility.*
- C- Exhibit 9 contains copies of sample service contracts for laboratory and pharmacy services. Exhibit 20 contains a copy of a letter from the applicants to the Alliance Behavioral Health LME-MCO expressing their interest in entering into a contract with the LME-MCO.
- (g) *The applicant shall document that the following items are currently available or will be made available following completion of the project:*
  - (1) *admission criteria for clinical admissions to the facility or unit;*
  - C- Admission criteria for clinical admissions to Triangle Springs are described in Exhibit 7.
  - (2) *emergency screening services for the targeted population which shall include services for handling emergencies on a 24-hour basis or through formalized transfer agreements;*
  - C- In Section II.12, page 36, the applicants describes the manner in which emergency services are provided on a 24-hour basis.
  - (3) *client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan;*
  - C- Exhibits 7 and 8 describe the applicants' client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan.
  - (4) *procedures for referral and follow-up of clients to necessary outside services;*

- C- In Exhibit 11, the applicants describe Triangle Springs' procedures for referral and follow-up of clients to necessary outside services.
  - (5) *procedures for involvement of family in counseling process;*
- C- In Section II.12, page 37, the applicants describe Triangle Springs' procedures for involvement of family in the counseling process.
  - (6) *comprehensive services which shall include individual, group and family therapy; medication therapy; and activities therapy including recreation;*
- C- In Section II.2, pages 17-26, the applicants describe the comprehensive services which include individual, group and family therapy; medication therapy; and activities therapy, including recreation.
  - (7) *educational components if the application is for child or adolescent beds;*
- NA- This project does not involve children and adolescents.
  - (8) *provision of an aftercare plan; and*
- C- In Exhibit 11, the applicants describe Triangle Springs' aftercare plan.
  - (9) *quality assurance/utilization review plan.*
- C- In Section II.11, pages 31-32, and Exhibit 10 the applicants describe Triangle Springs' organizational quality improvement and utilization management plans.
  - (h) *An applicant proposing to establish new psychiatric beds shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.*
- C- Exhibit 6 contains a written commitment by the applicants to pursue acquisition of the primary site. In Section XI.2, the applicants identify a secondary site. Exhibit 27 contains documentation that the sites are available for acquisition.
  - (i) *An applicant proposing to establish new psychiatric beds shall provide documentation to show that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.*

- C- In Section II.12, page 38 and Exhibit 6, the applicants state the proposed facility will meet the requirements of 10A NCAC 27G .0300.
- (j) *An applicant proposing to establish new adult or child/adolescent psychiatric beds shall provide:*
- (1) *documentation that adult or child/adolescent inpatient psychiatric beds designated for involuntary admissions in the licensed hospitals that serve the proposed mental health planning area were utilized at less than 70 percent for facilities with 20 or more beds, less than 65 percent for facilities with 10 to 19 beds, and less than 60 percent for facilities with one to nine beds in the most recent 12 month period prior to submittal of the application; or*
  - (2) *a written commitment that the applicant will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103 for designation of the facility, in which the new psychiatric beds will be located, for the custody and treatment of involuntary clients, pursuant to G.S. 122C-252.*
- C- Exhibit 6 contains a letter from the Chief Financial Officer of Springstone, parent company for the applicants, which states that the facility will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103.

#### **.2603 PERFORMANCE STANDARDS**

- (a) *An applicant proposing to add psychiatric beds in an existing facility shall not be approved unless the average occupancy over the six months immediately preceding the submittal of the application of the total number of licensed psychiatric beds within the facility in which the beds are to be operated was at least 75 percent.*
- NA- Triangle Springs is not an existing facility.
- (b) *An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.*
- C- In Section II.12, page 39, the applicants project that the occupancy rate of the total number of licensed psychiatric beds will be 83% during the fourth quarter of the second operating year following completion of the project. The applicants' assumptions and methodology used to project utilization of the psychiatric beds are provided in Section III.1, pages 61-73. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

#### **.2605 STAFFING AND STAFF TRAINING**

- (a) *A proposal to provide new or expanded psychiatric beds must provide a listing of disciplines and a staffing pattern covering seven days per week and 24 hours per day.*



- C- In Section VII.5, page 111, the applicants provide a table which shows the daily staffing pattern for Triangle Springs' inpatient psychiatric beds.
- (b) *A proposal to provide new psychiatric beds must identify the number of physicians licensed to practice medicine in North Carolina with a specialty in psychiatry who practice in the primary service area. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.*
- C- In Section II.12, page 40, the applicants state that, as of November 2014, there were 392 active physicians with a specialty of psychiatry in the service area.
- (c) *A proposal to provide additional psychiatric beds in an existing facility shall indicate the number of psychiatrists who have privileges and practice at the facility proposing expansion. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.*
- NA- Triangle Springs is not an existing facility.
- (d) *A proposal to provide new or expanded psychiatric beds must demonstrate that it will be able to retain the services of a psychiatrist who is eligible to be certified or is certified by the American Board of Psychiatry and Neurology to serve as medical director of the facility or department chairman of the unit of a general hospital.*
- C- Exhibit 12 contains a letter from Mark Blair, MD expressing his willingness to serve as Medical Director. Dr. Blair states he is eligible to be certified by the American Board of Psychiatry and Neurology. See Exhibit 12 for a copy of Dr. Blair's curriculum vitae.
- (e) *A proposal to provide new or expanded psychiatric beds must provide documentation to show the availability of staff to serve involuntary admissions, if applicable.*
- C- See Exhibit 6 for a letter dated April 15, 2015 from the Chief Financial Officer of Springstone, parent company for the applicants, which states that the facility will accept involuntary admissions. In Section VII, pages 108-112, the applicants describe the staffing to serve involuntary admissions.
- (f) *A proposal to provide new or expanded psychiatric beds must describe the procedures which have been developed to admit and treat patients not referred by private physicians.*
- C- In Exhibit 13, the applicants document the procedures which have been developed to admit and treat patients not referred by private physicians.
- (g) *A proposal to provide new or expanded psychiatric beds shall indicate the availability of training or continuing education opportunities for the professional staff.*

- C- In Section II.12, page 41, and Exhibit 14, the applicants describe training and continuing education opportunities that will be available for the professional staff at Triangle Springs.