

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: May 1, 2018

Findings Date: May 1, 2018

Project Analyst: Celia C. Inman

Assistant Chief: Lisa Pittman

Project ID #: G-11467-18

Facility: MedCenter Drawbridge

FID #: 180104

County: Guilford

Applicants: The Moses H. Cone Memorial Hospital

The Moses H. Cone Memorial Hospital Operating Corporation

Project: Develop a satellite emergency department and diagnostic imaging center to include a CT scanner, diagnostic radiography, ultrasound, mammography, and bone densitometry

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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.

CA

The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation (collectively referred to as “Cone Health”) or “the applicants” propose to develop a satellite emergency department (ED) and diagnostic imaging center in Greensboro, Guilford County, which will be licensed as part of Moses Cone Health System and create a new campus. In addition to 24/7 emergency services, the following outpatient imaging and diagnostic services will also be offered at the new location as part of this project: CT scanning, diagnostic radiography, ultrasound, mammography, and bone densitometry.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2018 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities (page 33 of the 2018 SMFP) is applicable to this review. *Policy GEN-4* 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, Certificate of Need 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 than \$5 million; therefore, Policy GEN-4 is applicable to this review. In Section B.11, page 25, the applicants provide a written commitment to assuring improved energy efficiency and water conservation in its construction projects. The applicants state:

“Cone Health will develop and implement an Energy Efficiency and Sustainability plan for the project as required by any conditions imposed by the CON Section, upon approval of the proposed project.”

In Section K.4(c), pages 109-110, the applicants list examples of strategies to be investigated to incorporate as energy saving features into the construction plans. The applicants adequately demonstrate that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion, subject to Condition (4) of Criterion (4).

- (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

The applicants propose to develop MedCenter Drawbridge, a hospital-based outpatient department which includes a satellite ED and diagnostic imaging center in northwest Guilford County on Battleground Avenue near its intersection with Drawbridge Parkway. MedCenter Drawbridge will be licensed as part of Cone Health's hospital license #H0159, which includes Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point. Throughout the application, the applicants refer to these facilities as Cone Health – Greensboro (CH-GSO).

In Section C.1, pages 26-31, the applicants describe the proposed project. In addition to 24/7 emergency services, the following outpatient imaging and diagnostic services will also be offered: CT scanning, diagnostic radiography, ultrasound, mammography, bone densitometry and mobile MRI. The mobile MRI service will be provided using an existing mobile MRI provider; hence, MRI is not a service component proposed in this application. The applicants state that the proposal will also include a medical office building (MOB). The MOB, along with parking deck, are part of an "exempt from review" project approved by the Agency on February 19, 2018.

The applicants do not propose to develop any operating rooms, gastrointestinal endoscopy procedure rooms or minor procedure rooms at the proposed outpatient center.

Patient Origin

The proposed project, MedCenter Drawbridge, is not an existing facility and therefore does not have historical patient origin. The 2018 SMFP does not define a service area for emergency departments or diagnostic centers. The applicants define their proposed service

area by identifying the projected patient origin for each proposed service component by zip in Section C-3, pages 33-34, and Exhibit C.3. Each proposed service projects the same service area, with the primary service area identified as zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357; and the secondary area identified as zip codes 27025 and 27027 (Section Q). The zip codes cover an area in northwest Guilford County, southwest Rockingham County and a small area in east Stokes County. Facilities may also serve residents of counties not included in their service area.

In Exhibit C.3, the applicants provide the projected patient origin for the individual proposed services for the first three project years (PY), FFY2021-FFY2023, as summarized in the tables below.

Projected Patient Origin for ED Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	8,051	37.7%	8,237	37.7%	8,427	37.8%
27455	3,897	18.2%	3,994	18.3%	4,095	18.4%
27409	3,496	16.4%	3,606	16.5%	3,719	16.7%
27358	1,630	7.6%	1,656	7.6%	1,683	7.5%
27310	542	2.5%	541	2.5%	540	2.4%
27235	323	1.5%	324	1.5%	325	1.5%
27357	1,017	4.8%	1,035	4.7%	1,053	4.7%
27025	333	1.6%	328	1.5%	324	1.5%
27027	126	0.6%	123	0.6%	120	0.5%
Other*	1,942	9.1%	1,985	9.1%	2,029	9.1%
TOTAL	21,357	100.0%	21,830	100.0%	22,315	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for CT Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	1,508	37.7%	1,541	37.7%	1,575	37.8%
27455	730	18.3%	747	18.3%	765	18.3%
27409	655	16.4%	675	16.5%	695	16.7%
27358	305	7.6%	310	7.6%	315	7.6%
27310	102	2.6%	101	2.5%	101	2.4%
27235	61	1.5%	61	1.5%	61	1.5%
27357	190	4.8%	194	4.8%	197	4.7%
27025	62	1.6%	61	1.5%	60	1.4%
27027	24	0.6%	23	0.6%	23	0.6%
Other*	364	9.1%	371	9.1%	379	9.1%
TOTAL	3,999	100.0%	4,084	100.0%	4,171	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for Diagnostic Radiography Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	3,679	37.7%	3,761	37.7%	3,845	37.8%
27455	1,781	18.2%	1,824	18.3%	1,868	18.3%
27409	1,597	16.4%	1,646	16.5%	1,697	16.7%
27358	745	7.6%	756	7.6%	768	7.5%
27310	248	2.5%	247	2.5%	247	2.4%
27235	148	1.5%	148	1.5%	148	1.5%
27357	465	4.8%	472	4.7%	480	4.7%
27025	152	1.6%	150	1.5%	148	1.5%
27027	58	0.6%	56	0.6%	55	0.5%
Other*	887	9.1%	906	9.1%	926	9.1%
TOTAL	9,759	100.0%	9,968	100.0%	10,181	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for Ultrasound Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	3,679	37.7%	3,761	37.7%	3,845	37.8%
27455	1,781	18.2%	1,824	18.3%	1,868	18.3%
27409	1,597	16.4%	1,646	16.5%	1,697	16.7%
27358	745	7.6%	756	7.6%	768	7.5%
27310	248	2.5%	247	2.5%	247	2.4%
27235	148	1.5%	148	1.5%	148	1.5%
27357	465	4.8%	472	4.7%	480	4.7%
27025	152	1.6%	150	1.5%	148	1.5%
27027	58	0.6%	56	0.6%	55	0.5%
Other*	887	9.1%	906	9.1%	926	9.1%
TOTAL	9,759	100.0%	9,968	100.0%	10,181	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for Mammography Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	230	37.7%	230	37.7%	229	37.8%
27455	111	18.2%	111	18.3%	111	18.3%
27409	100	16.4%	101	16.5%	101	16.7%
27358	47	7.6%	46	7.6%	46	7.5%
27310	15	2.5%	15	2.5%	15	2.4%
27235	9	1.5%	9	1.5%	9	1.5%
27357	29	4.8%	29	4.7%	29	4.7%
27025	10	1.6%	9	1.5%	9	1.5%
27027	4	0.6%	3	0.6%	3	0.5%
Other*	55	9.1%	55	9.1%	55	9.1%
TOTAL	610	100.0%	608	100.0%	607	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for Bone Density Services

Zip Code	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	61	37.7%	62	37.7%	62	37.8%
27455	30	18.5%	30	18.3%	30	18.3%
27409	26	16.0%	27	16.5%	27	16.7%
27358	12	7.4%	12	7.6%	12	7.5%
27310	4	2.5%	4	2.5%	4	2.4%
27235	2	1.2%	2	1.5%	2	1.5%
27357	8	4.9%	8	4.7%	8	4.7%
27025	3	1.9%	2	1.5%	2	1.5%
27027	1	0.6%	1	0.6%	1	0.5%
Other*	15	9.3%	15	9.1%	15	9.1%
TOTAL	162	100.0%	163	100.0%	165	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicants state that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

In Exhibit C-3, page 222, and Section Q, the applicants state that assumptions regarding projected patient origin for each service are based on Cone Health-Greensboro emergency department usage and the percentage of patients who would reasonably choose the ease of access to MedCenter Drawbridge for the proposed medical services.

The applicants' assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.4, beginning on page 34, the applicants explain why they believe the population projected to utilize the proposed services needs the proposed services.

In Section N, page 124, the applicants state:

“The major objectives of the proposed project are to provide care in a more convenient, cost-effective setting, while decompressing highly utilized services at other Cone Health campuses. The project also proposes to provide an integrated “one-stop shop” ambulatory care center that does not exist in the defined service area.”

Emergency Services

Based on the applicants' representations in Section C.1, pages 26-29, Cone Health proposes to develop the satellite ED to be staffed and operated 24 hours per day / 7 days per week / 365 days per year with Board-certified emergency medicine physicians, emergency-trained nurses, and allied health professionals. The proposed MedCenter Drawbridge ED will include:

- 17 private treatment rooms
 - A trauma/resuscitation room
 - A Sexual Assault Nurse Examiner (SANE) room
 - 15 general treatment rooms
- Dedicated ambulance entrance
- Waiting room
- Triage area
- 2 holding/observation rooms
- 24/7/365 access to radiology services, including CT
- Laboratory services
- Pharmacy services
- Patient drop off areas and parking

The applicants state that the planned ED will provide immediate intervention for serious emergencies where treatment time is critical and non-emergent care as well, offering a comprehensive array of services for all types of patient needs. Emergency Medical Services (EMS) will transport patients to the ED, except for patients with conditions requiring transport elsewhere, based on EMS protocols.

On page 29, the applicants further state:

“Patients arriving at the freestanding emergency department, either walk-ins or arrivals by EMS transport, who require subsequent transfer to an acute care hospital will be stabilized at the FED, which includes two (2) holding/observation rooms for patients waiting to be admitted, and then transported via EMS or CareLink, Cone Health’s on-site critical care transport, or other critical care transport service to the acute care facility of their choosing, consistent with their clinical status and needs. All established Guilford County EMS protocols will be adhered to for the transport of patients to and from the planned freestanding emergency department.

Discussions with local EMS providers, including Guilford County EMS and CareLink, indicate strong support for the planned freestanding emergency center. Please see Exhibit C.1-2 for letters of support from these providers.”

Exhibit C.1-2 includes support letters from representatives of CareLink and Guilford County Emergency services. Both letters express a need for more accessible emergency services in the northwestern Guilford County and western Rockingham County areas.

Diagnostic Imaging Center

As discussed on pages 29-30 of the application, the planned services for the imaging center will include:

- 128- slice CT scanning,
- diagnostic radiography,
- ultrasound,

- mammography,
- bone densitometry, and
- mobile MRI (contracted through Alamance Regional Medical Center).

The applicants state that some of these imaging modalities, mainly CT scanning and diagnostic radiography, are considered standard of care for emergency services, and they will support patients seen in the proposed ED. In addition, the imaging center will provide convenient, accessible services to outpatients referred for imaging services.

On page 30, the applicants state that all imaging modalities will function together as a coordinated imaging center, sharing staff and resources.

“CT scanning, general radiography, ultrasound and mobile MRI services will be located adjacent to the FED on the first floor of the ambulatory care center. These modalities are most likely to be required for ED patients, and close proximity is crucial for ease of access and timeliness of diagnosis and treatment.”

The applicants further state that mammography and bone densitometry services are rarely utilized during an ED visit and are instead typically referred by a physician; therefore those services will be located on the third floor of the building, in close proximity to the planned physician clinic space.

Support Services

The applicants discuss the laboratory and pharmacy services necessary to support services provided at the ED on page 31. The lab will handle specimen collection and routine testing for patients treated in the ED and provide convenient access for outpatients referred by area physicians. The lab will include a blood bank. Pharmacy services will be provided for all emergency patients to include pharmaceuticals needed during treatment and prescriptions for patients discharged from the ED.

In Section C.4, pages 34-35, the applicants state that Cone Health proposes to develop MedCenter Drawbridge in northwest Guilford County to meet the growing area’s need for emergency, imaging, and other outpatient services, while simultaneously reducing capacity constraints at its existing Guilford County facilities. The applicants discuss the outpatient center as being a medical care center that provides outpatient services, including diagnosis, treatment, consultation, and intervention, often including emergency services, urgent care, imaging, surgical services, as well as primary care and specialty physician clinics. The applicants also discuss the ability of the center to provide care in a more convenient, lower cost setting and still be integrated with healthcare provided across all sites of a health system, stating:

“Cone Health’s existing three(3) ambulatory care centers, located in north High Point, Kernersville, and Mebane, NC, are essential elements of its continuum of care system, as they provide convenient outpatient access to patient care services in high demand. Drawing upon the success of Cone Health’s existing MedCenters, including the

freestanding emergency department (FED) at MedCenter High Point, Cone Health intends to develop MedCenter Drawbridge as a convenient, cost-effective solution to meet healthcare needs of patients who already choose Cone Health for emergency and other outpatient services.”

In Section C, pages 35-36, the applicants state that the unmet need is based on the following factors:

1. Need in the defined proposed market area of Guilford and Rockingham counties, based on:
 - population size and projected growth,
 - aging of the population, and
 - roadway development in the defined service area.
2. Historical and projected national emergency department and outpatient healthcare trends indicating continued growth in these services.
3. Increasing utilization of emergency departments in Cone Health’s market area, especially at Cone Health’s Greensboro facilities, resulting in capacity constraints.

The applicants fully discuss the above factors and their impact upon the proposed service area’s access to the proposed services on pages 36-61.

The information provided by the applicant is reasonable and adequately supported for the following reasons:

- the applicants use historical data that is clearly cited, reasonable demographical data, and credible national data to make the assumptions with regard to identifying the population to be served, its growth and aging, and the need the identified population has for the proposed services, and
- the applicants demonstrate the use of the same proposed model successfully in three other locations, and
- the applicants provide reasonable information to support the need to decompress emergency department volumes at Cone Health –Greensboro’s existing emergency departments.

Projected Utilization

In Section Q, pages 133-150, the applicants provide the methodology and assumptions for projecting utilization through the first three years of operation following completion of the project, as shown in Form C, page 133, summarized below, and detailed step by step, thereafter.

	INTERIM MONTHS (4/1/20 – 9/30/21)	PY1 / FFY2021 (10/1/20 – 9/30/21)	PY 2 / FFY2022 (10/1/21 – 9/30/22)	PY3 / FFY2023 (10/1/22 – 9/30/23)
Emergency Department				
# of Treatment Rooms	17	17	17	17
# of Visits	5,224	21,357	21,830	22,315
CT scans				
# of Units	1	1	1	1
# of Scans	979	3,999	4,084	4,171
# of HECT Units	1,503	6,139	6,266	6,399
Diagnostic Radiography				
# of Units	2	2	2	2
# of Procedures	2,390	9,759	9,968	10,181
Mammography				
# of Units	1	1	1	1
# of Procedures	154	610	608	607
Ultrasound				
# of Units	1	1	1	1
# of Procedures	649	2,677	2,742	2,810
Bone Density				
# of Units	1	1	1	1
# of Procedures	40	162	163	165

Emergency Department Visits

Step 1: Identify the service area and calculate the compound annual growth rate (CAGR) (Section Q, page 135)

Step 2: Calculate emergency department visit trends by designated zip codes, FY2014-FY2017 (annualized) (page 136), resulting in the following ED visits and CAGR

Zip Code	FY2014	FY2015	FY2016	FY2017	CAGR
Primary Market Area (PMA)					
27410	12,718	13,043	13,585	13,620	2.3%
27455	7,188	7,380	7,993	7,743	2.5%
27409	6,371	6,747	6,961	6,992	3.1%
27358	3,246	3,413	3,309	3,407	1.6%
27310	1,608	1,565	1,567	1,599	-0.2%
27235	1,392	1,435	1,313	1,399	0.2%
27357	2,762	2,929	2,864	2,908	1.7%
Subtotal PMA	35,285	36,512	37,592	37,668	2.2%
Secondary Market Area (SMA)					
27025	5,057	5,004	5,054	4,841	-1.4%
27027	2,541	2,403	2,453	2,367	-2.3%
Subtotal SMA	7,598	7,407	7,507	7,208	-1.7%
TOTAL	42,883	43,919	45,099	44,876	1.5%

Totals may not sum due to rounding

Step 3: Project future emergency department volumes by identified zip codes through FY2023 (page 137)

Assumption: a constant growth rate, based on historical growth, is conservative because:

- the service area is growing and aging and the 65+ age cohort is the largest user of health care services,
- ED use rates national and locally are increasing, and
- the negative growth rates of the secondary market area are taken into consideration, even though expectation is the aging of the population could result in increasing volumes.

Zip Code	FY2017	CAGR	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Primary Market Area (PMA)								
27410	13,620	2.3%	13,935	14,257	14,586	14,923	15,268	15,620
27455	7,743	2.5%	7,937	8,137	8,341	8,550	8,765	8,985
27409	6,992	3.1%	7,212	7,439	7,674	7,915	8,164	8,421
27358	3,407	1.6%	3,462	3,519	3,576	3,634	3,693	3,753
27310	1,599	-0.2%	1,596	1,593	1,590	1,587	1,584	1,581
27235	1,399	0.2%	1,401	1,404	1,406	1,408	1,411	1,413
27357	2,908	1.7%	2,958	3,010	3,062	3,115	3,169	3,224
Subtotal PMA	37,668	2.2%	38,502	39,358	40,234	41,133	42,054	42,998
Secondary Market Area (SMA)								
27025	4,841	-1.4%	4,771	4,702	4,634	4,567	4,501	4,436
27027	2,367	-2.3%	2,312	2,258	2,205	2,153	2,103	2,054
Subtotal SMA	7,208	-1.7%	7,083	6,960	6,839	6,721	6,604	6,490
TOTAL	44,876	1.5%	45,585	46,317	47,073	47,853	48,658	49,488

Totals may not sum due to rounding

Step 4: Calculate Cone Health – Greensboro emergency department market share of the designated proposed service area 2017 volumes (page138)

Assumptions:

- CH-GSO includes Moses Cone Hospital, Wesley Long Hospital, and MedCenter High Point emergency department volumes,
- CH-GSO emergency department volumes do not include volume from Annie Penn Hospital or Alamance Regional Medical Center, and
- Rockingham County residents who currently seek emergency services at Annie Penn Hospital will continue to do so.

Zip Code	City	CH-GSO Volumes	Market Volumes	CH-GSO Market Share
Primary Market Area (PMA)				
27410	Greensboro	12,247	13,620	89.9%
27455	Greensboro	7,057	7,743	91.1%
27409	Greensboro	6,176	6,992	88.3%
27358	Summerfield	2,547	3,407	74.7%
27310	Oak Ridge	911	1,599	57.0%
27235	Colfax	643	1,399	45.9%
27357	Stokesdale	1,583	2,908	54.4%
Subtotal PMA		31,163	37,668	82.7%
Secondary Market Area (SMA)				
27025	Madison	1,177	4,841	24.3%
27027	Mayodan	463	2,367	19.5%
Subtotal SMA		1,640	7,208	22.8%
TOTAL		32,803	44,876	73.1%

Note: FY2017 volumes are annualized based on 9 months of actual data

Source: Truven Health Analytics Market Expert

Totals may not sum due to rounding

Step 5: Calculate CH-GSO emergency department visits FY2018-FY2023 based on data from Steps 3 and 4 (page 139)

Assumption: market share remains constant.

Zip Code	City	CH-GSO Market Share	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Primary Market Area (PMA)								
27410	Greensboro	89.9%	12,530	12,819	13,115	13,418	13,728	14,045
27455	Greensboro	91.1%	7,234	7,416	7,602	7,793	7,988	8,189
27409	Greensboro	88.3%	6,370	6,571	6,778	6,991	7,212	7,439
27358	Summerfield	74.7%	2,588	2,630	2,673	2,716	2,761	2,806
27310	Oak Ridge	57.0%	909	907	906	904	902	901
27235	Colfax	45.9%	644	645	646	647	648	649
27357	Stokesdale	54.4%	1,610	1,638	1,666	1,695	1,725	1,754
Subtotal PMA		82.7%	31,885	32,626	33,386	34,165	34,964	35,783
Secondary Market Area (SMA)								
27025	Madison	24.3%	1,160	1,144	1,127	1,111	1,095	1,079
27027	Mayodan	19.5%	452	441	431	421	411	401
Subtotal SMA		22.8%	1,614	1,588	1,560	1,535	1,509	1,480
TOTAL		73.1%	33,500	34,215	34,946	35,700	36,474	37,263

Totals may not sum due to rounding

Step 6: Calculate MedCenter Drawbridge’s share of CH-GSO emergency department visits FY2018-FY2023 (page 141)

Assumptions:

- Ease of access to MedCenter Drawbridge will drive patients to utilize the proposed ED instead of CH-GSO,
- 60% of the CH-GSO patients in zip codes 27410, 27358, 27310 and 27357 will shift to MedCenter,
- 50% of the CH-GSO patients in zip codes 27455, 27409, and 27235 will shift to MedCenter,
- 30% of the CH-GSO patients in zip codes 27025 and 27027 will shift to MedCenter, and
- the applicants expect a ramp-up period of 6 months in which only 50% of volumes projected to shift would actually shift.

Zip Code	City	Volume Shift from CH-GSO	FY2018	FY2019	FY2020*	FY2021	FY2022	FY2023
Primary Market Area (PMA)								
27410	Greensboro	60%	0	0	1,967	8,051	8,237	8,427
27455	Greensboro	50%	0	0	950	3,897	3,994	4,095
27409	Greensboro	50%	0	0	847	3,496	3,606	3,719
27358	Summerfield	60%	0	0	401	1,630	1,656	1,683
27310	Oak Ridge	60%	0	0	136	542	541	540
27235	Colfax	50%	0	0	81	323	324	325
27357	Stokesdale	60%	0	0	250	1,017	1,035	1,053
Subtotal PMA			0	0	4,632	18,956	19,394	19,842
Secondary Market Area (SMA)								
27025	Madison	30%	0	0	85	333	328	324
27027	Mayodan	30%	0	0	32	126	123	120
Subtotal SMA			0	0	117	460	452	444
TOTAL			0	0	4,749	19,416	19,845	20,286

Totals may not sum due to rounding

* the figures provided for FY2020 (4/1/20-9/30/20), the first six months of operation, reflect only a 25% shift in the projected volume, not the 50% shift assumed in the applicants' assumptions. Therefore, the FY2020 ramp up is more conservative than the applicants stated in the assumptions.

Step 7: Calculate projected volumes from outside the identified service area (page 142)

Assumption: Cone Health's experience with acute care and outpatient services indicate that between 10% and 20% of patients for a service come from outside the defined service area. Based on this experience, the applicants assume a 10% in-migration of patients from outside the identified market area.

In-migration	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
10%	0	0	475	1,942	1,985	2,029

Step 8: Calculate total projected volumes of ED visits (page 142)

Volume Source	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Market Area Shift	0	0	4,749	19,416	19,845	20,286
In-Migration	0	0	475	1,942	1,985	2,029
Total Visits	0	0	5,224	21,357	21,830	22,315

Totals may not sum due to rounding

Step 9: Calculate number of ED treatment rooms needed (page 143)

Assumption: Use the ACEP guidelines for determining number of treatment rooms needed (Exhibit C.4-7); Benchmark visits: low range - 1,333; high range - 1,053.

Benchmark Visits per Room	FY2020	FY2021	FY2022	FY2023
1,333 (low range)	3.9	16.0	16.4	16.7
1,053 (high range)	5.0	20.3	20.7	21.2

Based on the benchmarks in Step 9, the applicants propose to develop 17 ED exam rooms, to include 15 general treatment rooms, one resuscitation room and one SANE room.

Imaging Procedures Associated with the ED

In Section Q, pages 144-145, the applicants discuss the projection of imaging utilization rates for emergency department patients at the proposed ED. The applicants state that Cone Health calculated the percentage of MedCenter High Point (MCHP) imaging modalities to emergency department visits to project the utilization of those modalities at MedCenter Drawbridge’s emergency department. Percentages were calculated for x-ray, CT scans and ultrasound. ED patients do not typically require mammography or bone densitometry to aid in the diagnosis or treatment of emergent conditions. Based on MCHP’s utilization percentages, the applicants project the following ED related imaging volumes at MedCenter Drawbridge.

Modality	Percent Utilization at MCHP*	FY2020	FY2021	FY2022	FY2023
Projected ED Visits		5,224	21,358	21,830	22,315
CT	16.2%	845	3,456	3,533	3,611
Diagnostic Radiography	42.5%	2,218	9,066	9,267	9,473
Ultrasound	5.9%	308	1,258	1,286	1,315

* Utilization of the imaging modalities as a percent of ED visits at MedCenter High Point

Outpatient Imaging Procedures

In Section Q, pages 145-149, the applicants discuss the projection of outpatient imaging utilization at the proposed outpatient center.

Step 1: Calculate the CH-GSO outpatient imaging volumes from the applicants’ identified proposed service area (page 146)

The applicants state that they determined the total number of procedures in FY2017 at existing CH-GSO sites for each imaging service component for patients in the proposed outpatient center’s service area, excluding patients that would not be able to use ambulatory services and ED-related procedures in order to ensure that the current volumes would not be overstated. The following table from Section Q, page 146, shows the 2017 imaging volumes from the previously identified service area.

Modality	FY2017 CH-GSO Volume in Proposed Service Area
CT	2,558
Diagnostic Radiography	3,399
Mammography	810
Ultrasound	6,116
Bone Density	138

Source: CH financial systems

Step 2: Estimate total outpatient imaging volumes from the proposed service area (page 146)

The applicants state they relied on The Advisory Board Company's Market Scenario Estimator to estimate total outpatient imaging volumes for the proposed market area and provide the following table to estimate volumes for FY2017.

Modality	FY2017 Total Volume in Proposed Service Area
CT	10,102
Diagnostic Radiography	31,164
Mammography	12,580
Ultrasound	20,055
Bone Density	3,079

Source: The Advisory Board Company's Market Scenario Estimator

Step 3: Project future market volumes for the proposed service area (page 147)

Modality	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
CT	10,252	10,404	10,558	10,715	10,881	11,049
Diagnostic Radiography	31,312	31,460	31,609	31,759	32,110	32,465
Mammography	12,486	12,392	12,299	12,207	12,170	12,133
Ultrasound	20,810	21,595	22,408	23,253	23,875	24,515
Bone Density	3,118	3,157	3,197	3,238	3,269	3,300

Source: The Advisory Board Company's Market Scenario Estimator

Step 4: Calculate CH-GSO's estimated market share of future service area volumes (page 148)

Assumption: Cone Health's market share, based on the FY2017 percentages, will remain constant in the future.

Cone Health – Greensboro’s Estimated Market Share of Proposed Service Area Volume

Modality	FY2017 CH Volume	FY2017 Market Volume	CH Market Share	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
CT	2,558	10,102	25.3%	2,596	2,634	2,673	2,713	2,755	2,798
Diagnostic Radiography	3,399	31,164	10.9%	3,415	3,431	3,448	3,464	3,502	3,541
Mammography	810	12,580	6.4%	804	798	792	786	784	781
Ultrasound	6,116	20,055	30.5%	6,346	6,586	6,834	7,091	7,281	7,476
Bone Density	138	3,079	4.5%	140	142	143	145	147	148

Step 5: Project MedCenter Drawbridge outpatient imaging procedures by modality (page 149)

Assumptions:

- 20% of the market volume from the proposed service area who choose a Cone Health-Greensboro facility (Step 4) will utilize the diagnostic imaging center for CT, diagnostic radiography and ultrasound,
- 5% of the total projected volume in the proposed service area calculated in Step 3 will choose the proposed outpatient center for mammography and bone densitometry; note, this is not a shift of procedures from CH-GSO as with CT, diagnostic radiography and ultrasound, and
- the calculations continue the assumption of a 25% ramp-up (though the applicants state the use of a 50% ramp-up) during the first six month period (FY2020).

The applicants provide the following table on page 149, representing the outpatient imaging procedures at the proposed center.

Modality	FY2020	FY2021	FY2022	FY2023
CT	134	543	551	560
Diagnostic Radiography	172	693	700	708
Mammography	154	610	608]	607
Ultrasound	342	1,418	1,456	1,495
Bone Density	40	162	163	165

Total ED Imaging and Outpatient Imaging Procedures

On page 149, the applicants provide the total projected imaging procedures to be performed at the proposed outpatient center: total ED imaging procedures + total outpatient imaging procedures, as summarized in the table below.

Modality	FY2020	FY2021	FY2022	FY2023
CT	979	3,999	4,084	4,171
Diagnostic Radiography	2,390	9,759	9,968	10,181
Mammography	154	610	608	607
Ultrasound	649	2,677	2,742	2,810
Bone Density	40	162	163	165

Support Services

The applicants discuss laboratory and pharmacy services relative to the need for those services to support a freestanding ED and for outpatients referred by area physicians. Accordingly, the applicants do not provide separate projected utilization for these support services.

Projected utilization for emergency department visits and total imaging procedures is reasonable and adequately supported for the following reasons:

- the applicants base projected utilization upon CH-GSO historical utilization data by the proposed population for the projected services,
- the applicants apply reasonable growth assumptions for the proposed services,
- the applicants utilize reasonable assumptions for CH-GSO market share,
- the applicants utilize reasonable assumptions for the shift of CH-GSO market share to the proposed outpatient center, and
- the applicants utilize credible assumptions on number of treatment rooms needed.

Access

In Section C, pages 67-68, the applicants discuss access to the proposed services. The applicants state:

“Cone Health is a private, not-for-profit organization established to serve the community by providing high quality, affordable, and comprehensive health care services to all patients, regardless of their economic status.

...

Cone Health does not discriminate against low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or other underserved persons, including the medically indigent, the uninsured and the underinsured[.] In general, the health services of Cone Health are available to any patient in need without restriction of any kind.”

In Section L.1, page 116, the applicants state that 60.4%, 41.0% and 40.8% of Cone Health-Greensboro facilities’ existing services were provided to women, persons 65 and older, and non-Caucasians, respectively.

In Exhibit L.1, the applicants provide the historical payor mix for the CH-GSO facilities for FY2017, as a whole, and for each of the proposed services, as shown below.

Payor Source	CH-GSO	ED	CT	Diagnostic Rad.	Ultrasound	Bone Density	Mammography
Self-Pay	5.1%	19.9%	12.1%	10.3%	14.0%	0.6%	0.5%
Medicare	45.9%	24.7%	40.5%	42.6%	20.6%	64.6%	33.7%
Medicaid	19.0%	26.7%	12.8%	17.1%	30.3%	0.3%	0.9%
Insurance	25.6%	23.9%	31.3%	25.3%	33.4%	33.8%	64.5%
Workers Comp	0.4%	0.8%	0.3%	0.8%	0.1%	0.0%	0.0%
Tricare	0.4%	0.7%	0.4%	0.3%	0.7%	0.6%	0.4%
Other	3.6%	3.3%	2.6%	3.5%	0.8%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Medicare, Medicaid and Insurance includes any managed care plans included in those payor sources
 Other includes Motor Vehicle Accident liability insurance, Behavioral Health LME, and other no-specified insurance plans

In Exhibit L.3, page 64, the applicants provide a table showing the projected payor mix for the proposed services in the second full fiscal year, FY2022, as summarized below.

Payor Source	CH-GSO	ED	CT	Diagnostic Rad.	Ultrasound	Bone Density	Mammography
Self-Pay	5.1%	14.4%	6.8%	7.3%	7.9%	6.4%	5.7%
Medicare	45.9%	33.5%	51.4%	47.7%	29.5%	19.2%	23.3%
Medicaid	19.0%	16.2%	5.0%	9.3%	5.7%	1.6%	1.1%
Insurance	25.6%	31.5%	32.8%	31.1%	55.3%	71.2%	68.6%
Workers Comp	0.4%	0.8%	0.4%	0.8%	0.2%	1.1%	0.8%
Tricare	0.4%	0.8%	0.8%	0.5%	1.0%	0.5%	0.5%
Other	3.6%	2.9%	2.9%	3.2%	0.4%	0.5%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Medicare, Medicaid and Insurance includes any managed care plans included in those payor sources
 Other includes Motor Vehicle Accident liability insurance, Behavioral Health LME, and other no-specified insurance plans

The applicants include the assumptions for the proposed payor mix by service in Exhibit L.3. Exhibit C.11-1 includes Cone Health’s non-discrimination, charity, and financial assistance policies.

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicants adequately identify the population to be served,
- The applicants adequately explain why the population to be served needs the services proposed in this application,
- Projected utilization is reasonable and adequately supported, and
- The applicants project the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (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

The applicants do not propose to reduce or eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

The applicants propose to develop MedCenter Drawbridge, a hospital-based outpatient center, which includes an ED and diagnostic imaging center in northwest Guilford County. MedCenter Drawbridge will be licensed as part of Cone Health's hospital license #H0159, which includes Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point.

In Section E.2, pages 81-82, the applicants describe the alternatives considered and explain why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

1. Locate the satellite ED and imaging center in a different part of Guilford County – the applicants states that northwest Guilford County is projected to represent nearly one-third of the total projected population growth of Guilford County over the next five years. The applicants further state that this growth, combined with roadway infrastructure improvements, and residential growth in the area, indicate strong need

for additional healthcare services in northwest Guilford County, rather than elsewhere; therefore, this was not an effective alternative.

2. Locate the satellite ED at a different site in northwest Guilford County – the applicants state that the other sites evaluated were not as accessible as the selected site. Thus, the applicants state this was not the most effective alternative.
3. Expand emergency and imaging services on existing hospital campuses – the applicants state that both Moses Cone and Wesley Long Hospitals have major renovation and expansion projects underway. Additionally, further expansion of emergency services on those campuses could constrain and compress other acute care services. The applicants further state that outpatient facilities are often more cost effective for patients and providers. Therefore, this option was deemed to be a more costly and less effective alternative.

The applicants adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the identified need for the following reasons:

- the applicants demonstrate that locations in other than northwest Guilford County did not exhibit as strong a need for additional healthcare services as northwest Guilford County,
- the applicants demonstrate that other sites within northwest Guilford County were not as accessible and were less effective sites for the development of the proposed service,
- the applicants demonstrate that renovations to existing hospital space was a more costly and less effective alternative than providing the freestanding, outpatient services,
- the applicants provide adequate documentation regarding the development of the proposed project, including all related costs, and
- the data cited is reasonable and supports the assumptions made with regard to the least costly or most effective alternative for development of the proposed project.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall materially comply with all representations made in the certificate of need application.**

- 2. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall develop a hospital-based satellite emergency department and diagnostic imaging center, including 24/7 emergency services, computed tomography, diagnostic radiography, ultrasound, mammography, and bone densitometry.**
 - 3. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 - 4. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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.**
 - 5. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 6. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicants propose to develop MedCenter Drawbridge, a hospital-based outpatient department, which includes a satellite emergency department and diagnostic imaging center in northwestern Guilford County. The ED and imaging center will be co-located with an exempt from review medical office building and parking deck.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicants state the total capital cost for the proposed project is projected to be as follows:

**MedCenter Drawbridge ED and Imaging Center
Capital Cost**

Cost Category	Projected Capital Cost
Purchase Price of Land	\$2,231,979
Site Prep/Landscaping	\$821,863
Construction/Renovation	\$12,245,438
Architect/Engineering Fees	\$905,689
Medical Equipment	\$5,375,733
Furniture	\$263,000
Consultant Fees	\$85,000
Other (Contingency)	\$1,563,037
TOTAL CAPITAL COST	\$23,491,739

Source: Section Q, Form F.1a of the application.

In Section Q, the applicants provide the assumptions used to project the capital costs.

In Section F.3, pages 87-88, the applicants state that start-up costs are expected to be \$487,481 and initial operating expenses are estimated to be \$3,470,672, for a total working capital requirement of \$3,958,153. Exhibit F.1 contains the architect’s letter documenting the construction cost of \$12,245,438 and associated soft costs of \$11,246,301, totaling \$23,491,739, as presented in Form F-1a, page 153.

Availability of Funds

In Section F.2, page 85, the applicants state:

“Applicant 1, The Moses H. Cone Memorial Hospital will provide accumulated reserves for the total capital cost of the project.”

Exhibit F.2-1 contains a letter from Cone Health’s CFO documenting The Moses H. Cone Memorial Hospital’s plans to use unrestricted net assets to fund MedCenter Drawbridge, with capital costs budgeted at \$23,491,739 and working capital costs estimated at \$3,958,153. The availability of the funds is reflected in the Cone Health 2017 Audited Financial Statements provided in Exhibit F.2-2, showing cash and cash equivalents of \$57,808,000, current assets

of \$404,295,000, and a net position of \$1,654,539. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

The applicants provide pro forma financial statements for the first three full fiscal years of operation following completion of the project. In the pro forma financial statements, Form F.4, the applicants project that total proposed revenues will exceed operating expenses in the first three full fiscal years of operation.

The following tables show the projected revenues and expenses for the ED and the imaging center services.

**Projected Revenue and Expenses
 MedCenter Drawbridge ED**

	PY1 FFY2021	PY2 FFY2022	PY3 FFY2023
Total ED Visits	21,357	21,830	22,315
Total Gross Revenue (Charges)	\$41,661,365	\$44,287,414	\$47,082,208
Total Net Revenue	\$12,585,762	\$13,114,685	\$13,666,988
Average Net Revenue per Visit	\$ 589	\$ 601	\$ 612
Total Operating Expenses	\$ 9,212,101	\$ 9,597,180	\$ 9,996,245
Operating Expense/Visit	\$ 431	\$ 440	\$ 448
Net Income (Loss)	\$ 3,373,661	\$ 3,517,505	\$ 3,670,743

**Projected Revenue and Expenses
 MedCenter Drawbridge Imaging Center (consolidated imaging services)**

	PY1 FFY2021	PY2 FFY2022	PY3 FFY2023
Total Imaging Procedures	17,207	17,566	17,934
Total Gross Revenue (Charges)	\$13,023,709	\$ 13,835,813	\$ 14,699,766
Total Net Revenue	\$ 3,937,694	\$ 4,103,275	\$ 4,246,307
Average Net Revenue per Procedure	\$ 229	\$ 234	\$ 237
Total Operating Expenses	\$ 3,124,625	\$ 3,248,383	\$ 3,377,649
Operating Expense/Procedure	\$ 182	\$ 185	\$ 188
Net Income (Loss)	\$ 813,070	\$ 854,893	\$ 868,658

Section Q contains a Form F.4 for each individual imaging services: diagnostic radiography, CT, mammography, ultrasound, and bone densitometry. The individual services' procedures, gross revenues, and net revenues total to the amounts shown on the Imaging Center Form F.4 on page 161 and above. However, the total operating expense on the Imaging Center Form F.4, page 161, is approximately \$450,000 higher in each year than the sum of the operating expenses on the individual Form F.4 for each service. Therefore, the net income on the Imaging Center Form F.4 is approximately \$450,000 less in each year than the sum of the net incomes on the individual Form F.4 for each service. Thus, the revenue and expense statement for the consolidated imaging services either includes some expenses that were not

allocated to the individual services or the income may be underestimated. In either case, it has no effect on the project's financial feasibility.

The assumptions used by the applicants in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Furthermore, the applicants provide Form F.3 Revenues and Expenses for CH-GSO, with revenues exceeding operating expenses by more than \$79 million in each of the project's first three operating years. The applicants adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the applicants adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions,
 - the applicants adequately demonstrate availability of sufficient funds for the capital and working capital needs of the proposal, and
 - the applicants adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 propose to develop a satellite emergency department and diagnostic imaging center in Greensboro, Guilford County, which will be licensed as part of the Moses Cone Health System. In addition to 24/7 emergency services, the following outpatient imaging and diagnostic services will also be offered, as part of this project at the new location: CT scanning, diagnostic radiography, ultrasound, mammography, and bone densitometry. The 2018 SMFP does not define a service area for emergency departments or diagnostic centers. Therefore, the service area is the geographical area defined by the applicants from which the applicants project to serve patients.

The applicants identify the proposed service area, with the primary service area identified as zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357; and the secondary area identified as zip codes 27025 and 27027 (Section Q). The zip codes cover an area in northwest Guilford County, southwest Rockingham County and a small area in east Stokes County. Facilities may also serve residents of counties not included in their service area.

In Section G, pages 94-95, the applicants explain why they believe the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in the proposed service area. The applicant states:

“The proposed project will not result in unnecessary duplication of services since there are no other facilities or providers of similar services located within the proposed project’s service area.”

The applicants adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- the applicants adequately demonstrate that there are no existing or approved facilities or providers of emergency services within the project’s proposed service area, and
- the applicants adequately demonstrate that the satellite emergency service and imaging center it proposes to develop in northwest Guilford County are needed to serve patients in the proposed service area and to decompress capacity issues at other CH-GSO campuses.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

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

C

In Section Q, the applicants provide a Form H for ED services and imaging services. The ED Form H and the Imaging Center (consolidated) Form H for the first three operating years are provided on pages 160 and 162, respectively, and summarized below.

Emergency Department Staffing

Position	FFY2021 FTE	FFY2022 FTE	FFY2023 FTE
RN	19.78	20.22	20.67
ED Tech	6.59	6.74	6.89
Nursing Secretary	4.60	4.60	4.60
Admin Assistant	1.00	1.00	1.00
Director	1.00	1.00	1.00
Assistant Director	1.00	1.00	1.00
Patient Care Support Mgr.	1.00	1.00	1.00
Patient Access Associate	9.18	9.18	9.18
Supervisor	1.00	1.00	1.00
Pharmacist	1.10	1.10	1.10
Lab Technologist	7.65	7.65	7.65
Lab Technician	2.20	2.20	2.20
Lab Supervisor	1.00	1.00	1.00
Respiratory Therapist	4.58	4.58	4.58
TOTAL	61.69	62.27	62.87

Source: Form H in Section Q of the application.

Imaging Center Staffing (Consolidated)

Position	FFY2021 FTE	FFY2022 FTE	FFY2023 FTE
Supervisor	1.00	1.00	1.00
Imaging Director	0.25	0.25	0.25
Patient Access	2.87	2.87	2.87
CT Scanner Technician	4.40	4.49	4.59
Diagnostic Radiography Technician	4.40	4.49	4.59
Bone Density Technician	0.27	0.27	0.27
Ultrasound sonographer/Technician	2.91	2.98	3.05
Mammographer	0.82	0.82	0.82
TOTAL	16.91	17.17	17.44

Source: Form H in Section Q of the application.

In Section H.1, page 97, the applicants refer to Form H and Section Q for the assumptions and methodology used to determine staffing needs. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in the Forms F.4 for ED and Imaging Center services, which are found in Section Q. In Section H.2, pages 97-99, the applicants describe Cone Health's experience and process for recruiting and retaining staff and its proposed training and continuing education programs. In Section H.4, pages 99-100, the applicants discuss physician coverage needed for the project and physician recruitment plans. On page 100, the applicants identify Kevin Steidl, M.D., and William Veazey, M.D., as the existing Medical Directors for CH-GSO emergency department services and imaging services, respectively. Letters expressing support and willingness to continue to serve as Medical Directors for the proposed services at CH-GSO are included in Exhibit H.4. The applicants provide additional supporting documentation in Exhibit H.4.

The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section I.1, page 102, the applicants state that the following ancillary and support services are necessary for the proposed services:

- pharmacy,
- laboratory,
- social work,
- environmental services, and
- business office services, including registration, scheduling, billing, and medical records.

In Section I.1(b), page 102, the applicants explain how the necessary services will be made available. Exhibit I.1 contains a letter from the Cone Health Chief Operating Officer documenting that all ancillary services necessary to support the proposed outpatient center will be provided as needed.

Although the project proposes a new satellite ED and diagnostic center, Cone Health already provides the proposed services in Guilford County and has relationships with the existing health care system. Exhibit H.4 of the application contains numerous letters from physicians expressing support for the proposed project. The applicants adequately demonstrate that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

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

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

NA

The applicants do not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicants do not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, this criterion is not applicable to this review. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicants are not HMOs. Therefore, Criterion (10) is not applicable to this review.

- (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 MedCenter Drawbridge, a hospital-based outpatient department, which includes a satellite ED and diagnostic imaging center in northwestern Guilford County. MedCenter Drawbridge will be licensed as part of Cone Health's hospital license #H0159, which includes Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point. The project involves constructing 34,194 square feet of new space within a larger medical office building project for which the applicants requested and received an exemption. Exhibit C.1-3 contains line drawings.

On pages 108-109, the applicants adequately explain how the cost, design and means of construction represents the most reasonable alternative for the proposal and provide supporting documentation in Section Q and Exhibits C.4-5, C.4-7, and F.1.

On page 109, the applicants adequately explain why the proposal will not unduly increase the costs to the applicants of providing the proposed services or the costs and charges to the public for the proposed services and provide supporting documentation in Section Q and Exhibit F.1.

On pages 109-110, the applicants identify any applicable energy saving features that will be incorporated into the construction plans. In accordance with Policy GEN-4, the applicants will *"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"*.

On pages 110-112, the applicants identify the proposed site, which Cone Health owns, and provide information about the zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. The applicants provide supporting documentation in Exhibits K.5-2, K.5-3 and K.5-4.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and 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

The proposed project will create a new satellite ED and imaging center, therefore, there is no historical payor mix for the proposed facility. However, it will be licensed as part of Cone Health-Greensboro.

In Exhibit L.1, the applicants provide the historical payor mix for the CH-GSO facilities, as a whole, and for each of the proposed services, as shown below.

Payor Source	CH-GSO	ED	CT	Diagnostic Rad.	Ultrasound	Bone Density	Mammography
Self-Pay	5.1%	19.9%	12.1%	10.3%	14.0%	0.6%	0.5%
Medicare	45.9%	24.7%	40.5%	42.6%	20.6%	64.6%	33.7%
Medicaid	19.0%	26.7%	12.8%	17.1%	30.3%	0.3%	0.9%
Insurance	25.6%	23.9%	31.3%	25.3%	33.4%	33.8%	64.5%
Workers Comp	0.4%	0.8%	0.3%	0.8%	0.1%	0.0%	0.0%
Tricare	0.4%	0.7%	0.4%	0.3%	0.7%	0.6%	0.4%
Other	3.6%	3.3%	2.6%	3.5%	0.8%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Medicare, Medicaid and Insurance includes any managed care plans included in those payor sources
 Other includes Motor Vehicle Accident liability insurance, Behavioral Health LME, and other no-specified insurance plans

In Section L.1, page 116, the applicants provide the following comparison for Cone Health-Greensboro.

	Percentage of Total Patients Served by CH-GSO during the Last Full FY	Percentage of the Population of the Service Area
Female	60.4%	52.3%
Male	39.6%	47.7%
Unknown	0.0%	0.0%
64 and Younger	59.0%	83.2%
65 and Older	41.0%	16.8%
American Indian	0.3%	0.3%
Asian	1.4%	3.5%
Black or African-American	33.0%	15.9
Native Hawaiian or Pacific Islander	0.1%	Included in Asian
White or Caucasian	59.2%	75.7%
Other Race	4.7%	4.6%
Declined / Unavailable	1.3%	0.0%

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L.2(a), page 117, the applicants state that Cone Health is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. The applicants state that Cone Health is dedicated to providing care for all in its community regardless of ability to pay. The applicant discusses its charity care and financial assistance policies on pages 119-120.

In Section L.2(c), page 118, the applicants discussed the one patient civil rights equal access complaint filed against Cone Health in the past five years. The applicants state that the Office of Civil Rights closed the case without any request for additional information or remediation.

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

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

- (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 Exhibit L.3, page 64, the applicants provide a table showing the projected payor mix for the proposed services for the second operating year, as summarized below.

Payor Source	CH-GSO	ED	CT	Diagnostic Rad.	Ultrasound	Bone Density	Mammography
Self-Pay	5.1%	14.4%	6.8%	7.3%	7.9%	6.4%	5.7%
Medicare	45.9%	33.5%	51.4%	47.7%	29.5%	19.2%	23.3%
Medicaid	19.0%	16.2%	5.0%	9.3%	5.7%	1.6%	1.1%
Insurance	25.6%	31.5%	32.8%	31.1%	55.3%	71.2%	68.6%
Workers Comp	0.4%	0.8%	0.4%	0.8%	0.2%	1.1%	0.8%
Tricare	0.4%	0.8%	0.8%	0.5%	1.0%	0.5%	0.5%
Other	3.6%	2.9%	2.9%	3.2%	0.4%	0.5%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Medicare, Medicaid and Insurance includes any managed care plans included in those payor sources

Other includes Motor Vehicle Accident liability insurance, Behavioral Health LME, and other no-specified insurance plans

As shown in the table above, during the second full fiscal year of operation, the applicants project 14.4% of proposed MedCenter Drawbridge ED services will be provided to self-pay and charity patients, 33.5% to Medicare patients and 16.2% to Medicaid patients. For imaging services, the applicants project a lower percentage of self-pay (5.7% to 7.9%) and Medicaid (1.1% to 9.3%) and percentages ranging from 19.2% to 51.4% for Medicare, varying by imaging modality.

Exhibit C.11-1 includes Cone Health's non-discrimination, charity, and financial assistance policies. The applicants provide the assumptions and methodology used to

project payor mix in Exhibit L.3, page 430. The projected payor mix is reasonable and adequately supported for the following reasons:

- the projected payor mix is based on the historical payor mix of patients in the applicants' defined service area, and
- the applicants adequately demonstrate that medically underserved populations will have access to the proposed services.

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

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

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

C

In Section L.5, page 120, the applicants describe the range of means by which a person will have access to the proposed services.

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

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

- (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 M, pages 121-122, the applicants describe the extent to which health professional training programs in the area have access to the facility for training purposes. The applicants list the professional training programs it affiliates with on page 122. The applicants state:

“Each of the training programs listed above will continue to have access to clinical training opportunities throughout Cone Health, including training at the proposed ambulatory care center.”

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the applicants adequately demonstrate the proposed services will accommodate the clinical needs of health professional training programs in the area. Therefore, the applicants adequately demonstrate that 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 applicants propose to develop a satellite emergency department and diagnostic imaging center in Greensboro, Guilford County, which will be licensed as part of the Moses Cone Health System and create a new campus. In addition to 24/7 emergency services, the following outpatient imaging and diagnostic services will also be offered, as part of this project at the new location: CT scanning, diagnostic radiography, ultrasound, mammography, and bone densitometry. The 2018 SMFP does not define a service area for emergency departments or diagnostic centers. Therefore, the service area is the geographical area defined by the applicants from which the applicants project to serve patients.

The applicants identify the proposed service area, with the primary service area identified as zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357; and the secondary area identified as zip codes 27025 and 27027 (Section Q). The zip codes cover an area in northwest Guilford County, southwest Rockingham County and a small area in eastern Stokes County. Facilities may also serve residents of counties not included in their service area.

There are no existing or approved facilities or providers of emergency and/or imaging services within the project's proposed service area.

In Section N, pages 124-125 of the application, the applicants describe the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. On page 124, the applicants state:

“The major objectives of the proposed project are to provide care in a more convenient, cost-effective setting, while decompressing highly utilized services at other Cone Health campuses. The project also proposes to provide an integrated “one-stop shop” ambulatory care center that does not exist in the defined service area.”

The applicants further state that the project offers a new access point for patients to receive comprehensive outpatient care, including emergency services, imaging services, lab services, primary care and specialty physician care; all of which will be integrated within Cone Health's existing range of acute and ambulatory services across the continuum of care. On page 125, the applicants state:

“The integration reduces duplication of services, such as medical and diagnostic testing, which has a positive impact on cost effectiveness for both patients and payors. Integrated care also improves quality by ensuring that providers have access to broader sets of information about patients and the care they have received.”

The applicants adequately describe the expected effects of the proposed services on competition in the service area and adequately demonstrate:

- the cost-effectiveness of the proposal (see Sections F and Q of the application and any referenced exhibits),
- quality services will be provided (see Section O of the application and any referenced exhibits), and
- access will be provided to underserved groups (see Section L of the application and any referenced exhibits).

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and

- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

Cone Health operates Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point under hospital license #H0159, which will also include the proposed outpatient center, MedCenter Drawbridge. In Exhibit O.3, pages 457-458, the applicants list the health care facilities currently owned, operated, or managed by Cone Health, including seven acute care campuses, three ambulatory care campuses, six ambulatory surgery centers, and numerous clinics, imaging centers and physician practices. Randolph Hospital is a hospital listed as managed by Cone Health. The applicants state in Section O.3(c), page 130, that Cone Health has not operated out of compliance with any Medicare Conditions of Participation during the 18-month look-back period.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, Randolph Hospital received an EMTALA violation in a survey conducted on February 1, 2018. The violation is pending at the time of this decision. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all Cone Health facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (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 applicants propose to acquire an additional CT scanner. The application is conforming to all applicable Criteria and Standards for Computed Tomography

Equipment promulgated in 10A NCAC 14C .2300. The specific criteria are discussed below.

SECTION .2300 – CRITERIA AND STANDARDS FOR COMPUTED TOMOGRAPHY EQUIPMENT

10A NCAC 14C .2301 DEFINITIONS

The following definitions shall apply to all rules in this Section:

- (1) "Approved computed tomography (CT) scanner" means a CT scanner which was not operational prior to the beginning of the review period but which had been issued a certificate of need.
- (2) "Computed tomography" means a technique whereby a sharply collimated X-ray beam is passed through the human body from a source which rotates around the body in a specific arc. As the beam passes through the body from its perimeter, its intensity is reduced. The transmitted intensity of the beam varies in accordance with the density of the tissue it passes through and is measured by sensitive detectors and, from this information, two-dimensional cross-sectional pictures or other images may be generated. A computer is used to generate the image from the measurements of X-ray beam intensity. Tissue images can be done with or without contrast agents. Computed tomography services are rendered by CT scanners.
- (3) "Computed tomography (CT) scanner" means an imaging machine which combines the information generated by a scanning X-ray source and detector system with a computer to reconstruct a cross-sectional image of the full body, including the head.
- (4) "Computed tomography (CT) service area" means a geographical area defined by the applicant from which the applicant projects to serve patients.
- (5) "CT scan" means one discrete image of a patient produced by a CT scanner.
- (6) "Existing CT scanner" means a computed tomography scanner in operation prior to the beginning of the review period.
- (7) "Fixed CT scanner" means a CT scanner that is used at only one location or campus.
- (8) "HECT unit" means a unit that is equivalent to one CT scan which is derived by applying a weighted conversion factor to a CT scan in accordance with the Head Equivalent Computed Tomography studies formula developed by the National Electric Manufacturers, based on the "Leonard Methodology".
- (9) "Mobile CT scanner" means a CT scanner and transporting equipment which is moved to provide services at two or more host facilities.
- (10) "Related entity" means the parent company of the applicant, a subsidiary company of the applicant (i.e., the applicant owns 50 percent or more of another company), a joint venture in which the applicant is a member, or a company that shares common ownership with the applicant (i.e., the applicant and another company are owned by some of the same persons).

10A NCAC 14C .2303 PERFORMANCE STANDARDS

An applicant proposing to acquire a CT scanner shall demonstrate each of the following:

- (1) each fixed or mobile CT scanner to be acquired shall be projected to perform 5,100 HECT units annually in the third year of operation of the proposed equipment;

- C- In Section Q, page 149, the applicants state they utilized the FY2017 experience of MedCenter High Point, an existing Cone Health freestanding emergency department to project the distribution percentage of CT scans by type. The applicants then applied the distribution and the appropriate conversion factors to the total CT volumes projected for MedCenter Drawbridge for the third year of operation to show HECT units totaling 6,399 units.

	Type of CT Scan	# of Scans		Conversion Factor		HECT Units
1	Head without contrast	1,222	x	1.00	=	1,222
2	Head with contrast	99	x	1.25	=	124
3	Head without and with contrast	44	x	1.75	=	77
4	Body without contrast	1,154	x	1.50	=	1,731
5	Body with contrast	1,295	x	1.75	=	2,266
6	Body without contrast and with contrast	356	x	2.75	=	979
7	Biopsy in addition to body scan with or without contrast	0	x	2.75	=	0
8	Abscess drainage in addition to body scan with or without contrast	0	x	4.00	=	0
Total Scans and HECT Units		4,171				6,399

Totals may not sum due to rounding

- (2) each existing fixed or mobile CT scanner which the applicant or a related entity owns a controlling interest in and is located in the applicant's CT service area shall have performed at least 5,100 HECT units in the 12 month period prior to submittal of the application; and

- NA- 10A NCAC 14C .2301 (4) states: *“Computed tomography (CT) service area” means a geographical area defined by the applicant from which the applicant projects to serve patients.*”

The applicants state that neither Cone Health, nor any related entity, owns a controlling interest in a CT scanner located in the CT service area as defined by the applicants in Section C, page 38.

- (3) each existing and approved fixed or mobile CT scanner which the applicant or a related entity owns a controlling interest in and is located in the applicant's CT service area shall be projected to perform 5,100 HECT units annually in the third year of operation of the proposed equipment.

- NA- The applicants state that neither Cone Health, nor any related entity, owns a controlling interest in a CT scanner located in the CT service area as defined by the applicants in Section C, page 38.