CORRECTED

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

Decision Date:	August 8, 2019
Findings Date:	August 8, 2019
Project Analyst:	Julie M. Faenza
Team Leader:	Gloria C. Hale
Project ID #:	F-11696-19
Facility:	Atrium Health Mercy
FID #:	923352
County:	Mecklenburg
Applicant:	The Charlotte-Mecklenburg Hospital Authority
Project:	Change of scope and cost overrun for Project I.D. #F-11268-16 (renovate existing space related to surgical services and relocate one operating room from Carolinas Medical Center) which involves consolidating surgical services into one location as well as renovating acute care bed rooms and non-clinical areas

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.

C

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as CMHA, "Atrium," or "the applicant") proposes a change of scope (COS) for the approved but undeveloped Project I.D. #F-11268-16, which authorized the applicant to relocate one operating room (OR) from Carolinas Medical Center's (CMC) main campus to Atrium Health Mercy (AH Mercy) and renovate existing surgical space. The approved capital expenditure for the original project was $18,000,000.

In the current COS application, the applicant still proposes to relocate one OR from CMC, but also proposes to renovate and consolidate the entire surgical services area into one main surgical suite; renovate acute care bed rooms across multiple wings and floors; create procedure rooms in space vacated by ORs to be consolidated into the main surgical suite; and renovate non-clinical spaces, including but not limited to kitchen and dining, respiratory therapy, the lobby, and staff support for the purpose of modernizing the facility. The proposed capital expenditure for the COS application is $98,960,584, for a combined capital expenditure of $116,960,584.

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 2019 State Medical Facilities Plan (2019 SMFP). Therefore, there are no need determinations applicable to this review.

Policies

The applicant was found conforming to Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, in Project I.D. #F-11268-16.

In the current COS application, *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* (page 31 of the 2019 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 is required to submit a plan for 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. In Section B, pages 15-17, the applicant provides a written statement describing its plan to work with a design team and facility management group to assure improved energy efficiency and water conservation. On page 15, the applicant states:

> *"Atrium Health is committed to energy efficiency and sustainability that balances the need for healthcare services and environmental sustainability in the communities it serves."*

The applicant adequately demonstrates 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
- 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 because the applicant adequately demonstrates that the application is consistent with Policy GEN-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 applicant proposes a COS to Project I.D. #F-11268-16 (relocate one OR from CMC and renovate existing surgical spaces) by relocating one OR from CMC, renovating and consolidating the entire surgical services area into one main surgical suite; renovating acute care bed rooms across multiple units and floors; creating procedure rooms; and renovating non-clinical spaces to modernize the facility.

The applicant, CMHA, also does business as CMC. CMC has two campuses – the main campus and Atrium Health Mercy (AH Mercy), located just over a mile away from CMC. AH Mercy was previously known as CMC-Mercy; however, in Section A, page 11, the applicant states that as of August 1, 2019, CMC-Mercy will be renamed AH Mercy. AH Mercy was licensed separately from CMC until October 1, 2013, when it became licensed as part of CMC's hospital

license. CMHA is also known as Atrium Health, and many of its affiliated facilities have changed names to include Atrium Health in the name.

Patient Origin

On page 36, the 2019 SMFP defines the service area for acute care beds as *"…the acute care bed planning area in which the bed is located. The acute care bed planning areas are the single and multicounty groupings shown in Figure 5.1."* Figure 5.1, on page 40, shows Mecklenburg County as a single county acute care bed planning area. On page 55, the 2019 SMFP defines the service area for operating rooms as *"…the operating room planning area in which the operating room is located. The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1, on page 60, shows Mecklenburg County as a single county operating room planning area. Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following tables show current and projected patient origin.

AH Mercy ORs Current and Projected Patient Origin				
County	**Current – CY 2018**		**Projected FY 3 – CY 2024**	
	# of Patients	**% of Total**	**# of Patients**	**% of Total**
Mecklenburg	5,616	52.4%	5,588	56.2%
Union	901	8.4%	313	3.2%
York (SC)	777	7.2%	621	6.3%
Gaston	706	6.6%	703	7.1%
Other*	2,726	25.4%	2,713	27.3%
Total	**10,726**	**100.0%**	**9,937**	**100.0%**

Source: Section C, pages 32 and 34

*Other includes Alamance, Alexander, Anson, Ashe, Avery, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Cumberland, Davidson, Davie, Durham, Forsyth, Graham, Guilford, Haywood, Henderson, Hoke, Iredell, Johnston, Lee, Lincoln, Macon, McDowell, Montgomery, Moore, New Hanover, Northampton, Pender, Polk, Randolph, Richmond, Robeson, Rockingham, Rowan, Rutherford, Scotland, Stanly, Stokes, Surry, Transylvania, Wake, Watauga, Wayne, Yadkin, and Yancey counties, as well as other states.

AH Mercy ECT Procedures Current & Projected Patient Origin				
County	**Current – CY 2018**		**Projected FY 3 – CY 2024**	
	# of Patients	**% of Total**	**# of Patients**	**% of Total**
Mecklenburg	742	57.3%	832	57.3%
Union	105	8.1%	118	8.1%
Cleveland	92	7.1%	103	7.1%
Gaston	69	5.3%	77	5.3%
Other*	287	22.1%	321	22.1%
Total	**1,294**	**100.0%**	**1,451**	**100.0%**

Source: Section C, pages 33 and 35

*Other includes Cabarrus, Columbus, Lincoln, Orange, Richmond, Rowan, Stanly, Wake, and Watauga counties, as well as other states.

AH Mercy Vascular Procedures Current & Projected Patient Origin				
County	Current – CY 2018		Projected FY 3 – CY 2024	
	# of Patients	% of Total	# of Patients	% of Total
Mecklenburg	300	83.9%	300	83.9%
Gaston	13	3.7%	13	3.7%
York (SC)	8	2.2%	8	2.2%
Union	6	1.8%	6	1.8%
Other*	30	8.4%	30	8.4%
Total	**357**	**100.0%**	**357**	**100.0%**

Source: Section C, pages 33 and 35

*Other includes Alamance, Alexander, Anson, Avery, Buncombe, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Cumberland, Davidson, Forsyth, Gates, Guilford, Henderson, Iredell, Jackson, Johnston, Lincoln, Montgomery, New Hanover, Pitt, Polk, Randolph, Robeson, Rowan, Rutherford, Scotland, Stanly, Wake, Watauga, and Wilkes counties, as well as other states.

AH Mercy Acute Care Beds Current & Projected Patient Origin				
County	Current – CY 2018		Projected FY 3 – CY 2024	
	# of Admissions	% of Total	# of Admissions	% of Total
Mecklenburg	7,643	66.9%	9,725	70.0%
York (SC)	666	5.8%	587	4.2%
Gaston	564	4.9%	717	5.2%
Union	497	4.4%	234	1.7%
Other*	2,062	18.0%	2,624	18.9%
Total	**11,432**	**100.0%**	**13,888**	**100.0%**

Source: Section C, pages 34 and 36

*Other includes Alamance, Alexander, Alleghany, Anson, Ashe, Avery, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Columbus, Craven, Cumberland, Davidson, Davie, Durham, Forsyth, Granville, Guilford, Harnett, Haywood, Henderson, Hoke, Iredell, Johnston, Lenoir, Lincoln, Macon, McDowell, Mitchell, Montgomery, Moore, New Hanover, Onslow, Orange, Pamlico, Pender, Pitt, Polk, Randolph, Richmond, Robeson, Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Stokes, Surry, Transylvania, Wake, Watauga, Wayne, Wilkes, Wilson, Yadkin, and Yancey counties, as well as other states.

In Section C, pages 36-37, the applicant provides the assumptions and methodology used to project patient origin. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 22-29, the applicant describes the scope of the previously approved project, Project I.D. #F-11268-16, and explains the changes it proposes to make in this COS application compared with the previously approved project.

In Section C, pages 30-31, the applicant explains why it believes each of the proposed changes from the previously approved application is necessary:

- Consolidating the two separate OR suites, instead of simply renovating the two separate suites, will improve operations by improving workflow, eliminating unnecessary duplication of equipment and resources, and will ultimately reduce unnecessary inefficiencies.

- Consolidating all OR prep and recovery resources will add to the efficiencies realized by consolidating the two OR suites into one for many of the same reasons but will also improve patient throughput and minimize the distance staff travels between different patients. In addition, consolidation will allow for the development of additional prep and recovery spaces.

- More extensive renovation of the sterile processing department is necessary due to needing more space for additional and larger equipment to sterilize the instruments used for orthopedic surgeries, which are increasing in number.

- Renovating acute care bed spaces allows for modernizing and expanding the currently undersized acute care bed rooms. The applicant states many of the acute care bed rooms do not have a bathroom, but instead have a toilet mounted inside a patient cabinet and which is pulled out when necessary. At the public hearing held on June 10, 2019, a member of the public testified that, when his mother was a patient and needed emergency intervention, there was so little space in the room he had to leave the room for medical professionals to be able to fit in the space.

- Relocating the ECT and vascular procedure rooms to the surgical suite will increase efficiency and reduce unnecessary duplication.

- Proposed changes to non-clinical spaces is necessary both to accommodate the proposed changes to clinical spaces as well as to modernize and expand the non-clinical spaces. The proposal to add a central elevator is necessary to improve overall patient and staff circulation throughout the hospital.

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

- The applicant provides adequately supported information to explain why it needs to change its previously approved proposal.

- Members of the public, testifying at the public hearing, confirmed some of the reasons given by the applicant.

- The applicant does not propose to change the number of ORs or acute care beds at AH Mercy.

Projected Utilization

In Section Q, and in supplemental information, the applicant provides historical and projected utilization, as shown in the table below.

Historical and Projected Utilization – Acute Care Beds/ORs/PRs – AH Mercy (CYs 2016-2024)									
	Historical			Interim			FY 1	FY 2	FY 3
	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Acute Care Beds									
Total # of Beds	196	196	196	196	196	196	196	196	196
Total # Patient Days	38,935	41,664	45,128	49,248	50,494	51,302	52,305	53,490	54,709
Total # Admissions	10,146	10,980	11,432	12,476	12,791	12,996	13,250	13,551	13,859
Operating Rooms									
# of Shared ORs	15	15	15	15	15	16	16	16	16
# IP Surgical Cases	5,380	5,167	4,995	5,425	5,422	5,391	5,335	5,303	5,269
# OP Surgical Cases	5,482	5,588	5,731	4,751	4,608	4,467	4,450	4,462	4,474
Total # Surgical Cases	10,862	10,755	10,726	10,176	10,030	9,858	9,785	9,765	9,743
IP Case Times	221.5	221.5	224.7	224.7	224.7	224.7	224.7	224.7	224.7
OP Case Times	133.1	133.1	134.0	134.0	134.0	134.0	134.0	134.0	134.0
IP Surgical Hours	19,861	19,075	18,706	20,317	20,305	20,189	19,980	19,860	19,732
OP Surgical Hours	12,161	12,396	12,799	10,611	10,291	9,976	9,938	9,965	9,992
Total Surgical Hours	32,022	31,471	31,506	30,928	30,596	30,165	29,918	29,825	29,724
Group Assignment	1	1	1	1	1	1	1	1	1
Standard Hours	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
ORs Needed	16.4	16.1	16.2	15.9	15.7	15.5	15.3	15.2	15.2
Procedure Rooms									
# ECT Procedures	764	1,246	1,294	1,319	1,344	1,370	1,397	1,424	1,451
# Vascular Procedures	390	375	357	357	357	357	357	357	357

In supplemental information, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- Acute Care Beds

  - The applicant states its CY 2015 through CY 2018 acute care bed days grew at a Compound Annual Growth Rate (CAGR) of 9.1 percent; its Average Daily Census (ADC) grew at a CAGR of 9.1 percent; and its occupancy rate grew at a CAGR of 2.3 percent.

  - The applicant projects its acute care bed days will grow at a CAGR of 3.0 percent between CY 2019 through CY 2024.

  - The applicant projects that, due to strategies to "shift" patients away from CMC to alleviate extremely high capacity, general surgery acute care bed days will "shift" from CMC to AH Mercy.

  - The applicant projects that, due to strategies to "shift" patients to facilities closer to where they live, acute care bed days will "shift" from AH Mercy to Atrium Health Union in Union County.

  - The applicant states that the potential development of Piedmont Fort Mill Medical Center may impact patients who currently travel to AH Mercy for emergency care but who live in South Carolina. The applicant uses projections it made regarding patients

shifting to a hospital in York County, South Carolina, as part of previously approved applications submitted to the Agency to calculate a projected shift in patients from AH Mercy to Piedmont Fort Mill Medical Center. The applicant states approximately 50 percent of CMC and AH Mercy patients are admitted to the hospital via the emergency department, and then projects half of the patients originally projected to "shift" to a hospital in South Carolina will shift to Piedmont Fort Mill Medical Center.

- The Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3803 are not applicable to this review; thus, there are no performance standards that the applicant must meet. However, the applicant's projected utilization of its acute care beds in the third fiscal year following project completion exceeds the threshold promulgated in 10A NCAC 14C .3803.

- Operating Rooms

  - The applicant states its inpatient OR cases grew at a CAGR of 0.4 percent between CY 2015 and CY 2018; its outpatient OR cases grew at a CAGR of 2.0 percent between CY 2015 and CY 2018; and its total OR cases grew at a CAGR of 1.3 percent between CY 2015 and CY 2018.

  - The applicant projects its inpatient OR cases will grow at the historical CAGR of 0.4 percent for CY 2019 through CY 2024 and its outpatient OR cases will grow at the historical CAGR of 2.0 percent from CY 2019 through CY 2024.

  - The applicant projects that, due to strategies to "shift" OR cases away from CMC to alleviate extremely high capacity, both inpatient and outpatient OR cases will "shift" from CMC to AH Mercy.

  - The applicant projects that, due to strategies to "shift" patients to facilities closer to where they live, inpatient and outpatient OR cases will "shift" from AH Mercy to Atrium Health Union in Union County.

  - The applicant states that the potential development of Piedmont Fort Mill Medical Center may impact patients who currently travel to AH Mercy for care but who live in South Carolina. The applicant uses projections it made regarding OR cases "shifting" to a hospital in York County, South Carolina, as part of previously approved applications submitted to the Agency to calculate a projected "shift" in OR cases from AH Mercy to Piedmont Fort Mill Medical Center. The applicant states approximately 50 percent of CMC and AH Mercy patients are admitted to the hospital via the emergency department, and projects 50 percent of inpatient OR cases originally projected to "shift" to a hospital in South Carolina will "shift" to Piedmont Fort Mill Medical Center. The applicant states it does not anticipate any changes in previous projections it made about outpatient OR cases and "shifts," due to outpatient OR cases being scheduled in advance.

  - The applicant projects that, due to its joint venture to develop Randolph Surgery Center, and to be consistent with utilization projections from that application (Project I.D. #F-

11106-15), outpatient OR cases will "shift" from AH Mercy to Randolph Surgery Center and to Charlotte Surgery Center.

- The Criteria and Standards for Surgical Services and Operating Rooms promulgated in 10A NCAC 14C .2103 are not applicable to this review; thus, there are no performance standards that the applicant must meet. The applicant was previously approved to relocate one OR from CMC to AH Mercy, and the applicant proposes no changes in the current COS application which would affect that determination.

- Procedure Rooms

  - The applicant states its ECT Procedure Room utilization grew at a CAGR of 3.9 percent between CY 2015 and CY 2018 and Vascular Procedure Room utilization decreased at a CAGR of -4.8 percent between CY 2015 and CY 2018.

  - The applicant projects its ECT Procedure Room utilization will grow at half the historical CAGR, 1.9 percent, from CY 2019 through CY 2024 and projects no growth or decrease in its Vascular Procedure Room utilization from CY 2019 through CY 2024.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant relies on historical utilization to calculate its projected utilization.

- The applicant reasonably accounts for potential "shifts" in patients due to its ongoing strategy to decompress highly utilized resources.

Access

In Section L, page 70, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

AH Mercy Projected Payor Mix – FY 2 (CY 2023)			
Payor Source	**Total Facility**	**Acute Care Beds**	**Surgical Services**
Self-Pay	18.3%	10.3%	3.6%
Medicare*	35.2%	49.5%	42.4%
Medicaid*	15.8%	12.4%	4.6%
Insurance*	27.7%	25.4%	45.2%
Other**	3.0%	2.5%	4.2%
TOTAL	**100.0%**	**100.0%**	**100.0%**

Source: Atrium Health Internal Data
Note: The applicant states that it does not have charity care as a payor source, and that patients in every payor category receive charity care.
*Including any managed care plans
**"Other" includes Worker's Compensation and TRICARE

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Supplemental information requested by the Agency

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

- The applicant adequately identifies the population to be served.

- The applicant adequately explains why the population to be served needs the services proposed in this application.

- The applicant adequately explains the need to change the scope of the previously approved application.

- Projected utilization is reasonable and adequately supported.

- The applicant projects 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.

C

In Project I.D. #F-11268-16, the applicant was found conforming with this criterion. In Section D, page 44, the applicant states there have been no changes to the responses provided in that application, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application

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

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

CA

The applicant proposes a COS to Project I.D. #F-11268-16 (relocate one OR from CMC and renovate existing surgical spaces) by relocating one OR from CMC, renovating and consolidating the entire surgical services area into one main surgical suite; renovating acute care bed rooms across multiple units and floors; creating procedure rooms; and renovating non-clinical spaces to modernize the facility.

In Section E, pages 45-46, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo: The applicant states this alternative would not fix facility deficiencies, would not increase efficiency, and would not be consistent with its mission to provide quality care; therefore, this was not an effective alternative.

Develop the Previously Approved Project: The applicant states this alternative would not optimize efficiency of the surgical suite, acute care services, and non-patient care areas, and would not optimize patient care; therefore, this was not an effective alternative.

On pages 45-46, the applicant states the proposed project is the most effective alternative because it will remedy age-related facility deficiencies, increase efficiency across multiple service areas, and optimize patient care.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- The application is conforming to all statutory and regulatory review criteria.

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

- Supplemental information requested by the Agency
- 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 Charlotte-Mecklenburg Hospital Authority shall materially comply with the representations in this application, the representations made in Project I.D. #F-11268-16, and in any supplemental responses. Where representations conflict, The Charlotte-Mecklenburg Hospital Authority shall materially comply with the last made representation.**

2. **The Charlotte-Mecklenburg Hospital Authority shall relocate no more than one operating room from Carolinas Medical Center to Atrium Health Mercy for a total of no more than 16 licensed shared operating rooms at Atrium Health Mercy.**

3. **Upon completion of this project, Project I.D. #F-11106-15, and Project I.D. #F-11620-18, Carolinas Medical Center shall have a total of no more than 46 licensed operating rooms, including 4 open heart surgery, 4 dedicated C-Section, 1 dedicated inpatient surgery, 10 dedicated ambulatory surgery, and 27 shared operating rooms.**

4. **The Charlotte-Mecklenburg Hospital Authority shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Sections F and Q of the application and that would otherwise require a certificate of need.**

5. **The Charlotte-Mecklenburg Hospital Authority 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.**

6. **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 Charlotte-Mecklenburg Hospital Authority 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.**

7. The Charlotte-Mecklenburg Hospital Authority shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a COS to Project I.D. #F-11268-16 (relocate one OR from CMC and renovate existing surgical spaces) by relocating one OR from CMC, renovating and consolidating the entire surgical services area into one main surgical suite; renovating acute care bed rooms across multiple units and floors; creating procedure rooms; and renovating non-clinical spaces to modernize the facility.

Capital and Working Capital Costs

In Section Q, Form F.1b, the applicant projects the total capital cost of this project and compares that with the approved capital cost from Project I.D. #F-11268-16, as shown in the table below.

	Original Costs (Project I.D.# F-11268-16)	**Additional Costs Projected for COS**	**Total**
Site Preparation Costs	--	$253,425	$253,425
Construction Costs	$7,489,000	$63,114,780	$70,603,780
Landscaping	--	$101,370	$101,370
Architect/Engineering Fees	$1,100,000	$7,152,658	$8,252,658
Medical Equipment	$5,501,061	$3,456,337	$8,957,398
Non-Medical Equipment	--	$471,442	$471,442
Furniture	$400,000	$2,206,981	$2,606,981
Consultant Fees	$202,000	-$102,000	$100,000
Financing Costs	--	$513,191	$513,191
Interest During Construction	--	$5,487,201	$5,487,201
Other*	$3,307,939	$16,305,200	$19,613,139
Total	**$18,000,000**	**$98,960,584**	**$116,960,584**

*"Other" includes IS, Security, Internal Allocation, and Contingency.

In Section Q, the applicant provides the assumptions used to project the capital cost.

In Section F, page 51, the applicant states it will not have any working capital costs, consistent with its previously approved application (Project I.D. #F-11268-16), because the facility is already in operation.

Availability of Funds

In Section F, page 51, the applicant states the total capital cost for both projects will be funded by accumulated reserves, though the applicant also states it included financing costs and interest during construction in its projected capital cost in the event the applicant decides to fund the project with bond financing.

Exhibit F.5-2 contains a letter from the Executive Vice President and Chief Financial Officer of CMHA, describing the ability of CMHA to fund the proposed capital costs with accumulated reserves and committing funding to the capital cost of the project. Exhibit F.5-3 contains the Basic Financial Statements and Other Financial Information, including an Independent Auditor's Report, for CMHA for the years ending December 31, 2017 and 2016. As of December 31, 2017, CMHA had adequate assets to meet the capital requirements of the proposed project.

Financial Feasibility

In supplemental information, the applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant projects that revenues will exceed operating expenses in the first three full fiscal years of the project, as shown in the tables below.

AH Mercy Projected Revenues/Operating Expenses – FYs 1-3 – Entire Facility			
	FY 1 (CY 2022)	**FY 2 (CY 2023)**	**FY 3 (CY 2024)**
Total Gross Revenues (Charges)	$1,455,234,000	$1,571,927,000	$1,697,986,000
Total Net Revenue	$318,282,000	$329,500,000	$341,050,000
Total Operating Expenses (Costs)	$228,249,000	$236,108,000	$244,333,000
Net Income	$90,033,000	$93,392,000	$96,717,000

AH Mercy Projected Revenues/Operating Expenses – FYs 1-3 – Surgical Services			
	FY 1 (CY 2022)	**FY 2 (CY 2023)**	**FY 3 (CY 2024)**
Total Surgical Cases*	11,539	11,556	11,551
Total Gross Revenues (Charges)	$413,565,384	$425,098,954	$436,854,375
Total Net Revenue	$127,987,234	$129,788,964	$131,561,855
Average Net Revenue per Surgical Case*	$11,092	$11,231	$11,390
Total Operating Expenses (Costs)	$74,062,759	$75,831,380	$77,631,910
Average Operating Expense per Surgical Case*	$6,418	$6,562	$6,721
Net Income	$53,924,474	$53,957,585	$53,929,945

*Includes ECT and vascular procedures

AH Mercy Projected Revenues/Operating Expenses – FYs 1-3 – Acute Care Beds			
	FY 1 (CY 2022)	**FY 2 (CY 2023)**	**FY 3 (CY 2024)**
Total Admissions	13,250	13,551	13,859
Total Gross Revenues (Charges)	$166,267,262	$175,135,321	$184,501,224
Total Net Revenue	$45,219,490	$46,987,863	$48,646,137
Average Net Revenue per Admission	$3,413	$3,467	$3,510
Total Operating Expenses (Costs)	$40,031,695	$41,909,748	$43,889,528
Average Operating Expense per Admission	$3,021	$3,093	$3,167
Net Income	$5,200,003	$5,000,689	$4,756,607

The assumptions used by the applicant 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions.

- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.

- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of 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 applicant proposes a COS to Project I.D. #F-11268-16 (relocate one OR from CMC and renovate existing surgical spaces) by relocating one OR from CMC, renovating and consolidating the entire surgical services area into one main surgical suite; renovating acute care bed rooms across multiple units and floors; creating procedure rooms; and renovating non-clinical spaces to modernize the facility.

On page 36, the 2019 SMFP defines the service area for acute care beds as *"…the acute care bed planning area in which the bed is located. The acute care bed planning areas are the single and multicounty groupings shown in Figure 5.1."* Figure 5.1, on page 40, shows Mecklenburg County as a single county acute care bed planning area. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are ten existing and approved acute care hospitals and affiliated campuses owned by two providers (Atrium and Novant Health, Inc.) in Mecklenburg County, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Beds	
Facility	**Existing/Approved Beds**
Atrium Health Pineville	221 (+38)
Atrium Health University City	100
Carolinas Medical Center	859
Atrium Health Mercy*	196
Atrium Total	**1,414**
Novant Health Huntersville Medical Center	91 (+60)
Novant Health Matthews Medical Center	154
Novant Health Presbyterian Medical Center	519 (-84)
Novant Health Charlotte Orthopedic Hospital**	48
Novant Health Mint Hill Medical Center	36 (+14)
Novant Health Ballantyne Medical Center	0 (+36)
Novant Total	**874**
Mecklenburg County Total	**2,288**

Sources: Table 5A, 2019 SMFP; 2019 LRAs; findings for previous applications; Agency records.
Note: Numbers in parentheses reflect approved changes in bed inventory.
*AH Mercy, while a separate campus, is licensed as part of CMC.
**Novant Health Charlotte Orthopedic Hospital, while a separate campus, is licensed as part of Novant Health Presbyterian Medical Center.

On page 55, the 2019 SMFP defines the service area for operating rooms as *"…the operating room planning area in which the operating room is located. The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1, on page 60, shows Mecklenburg County as a single county operating room planning area. Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

Not including dedicated C-Section ORs and trauma ORs, there are 162 existing and approved ORs in Mecklenburg County, allocated between 22 hospitals, affiliated campuses, and ambulatory surgical facilities (ASFs), as shown in the table below.

Mecklenburg County OR Inventory						
Facility	**IP ORs**	**OP ORs**	**Shared ORs**	**Excluded C-Section & Trauma ORs**	**CON Adjustments**	**Total ORs**
Atrium Health Huntersville Surgery Center	0	0	0	0	1	1
Atrium Health Pineville	3	0	9	-2	1	11
Atrium Health University City	1	2	9	-1	-4	7
Carolina Center for Specialty Surgery	0	2	0	0	1	3
Carolinas Medical Center	9	11	27	-5	-1	41
Atrium Health Mercy*	0	0	15	0	1	16
Atrium Health System Total	**13**	**15**	**60**	**-8**	**-1**	**79**
Charlotte Surgery Center	0	7	0	0	-1	6
Randolph Surgery Center	0	0	0	0	6	6
Charlotte Surgery Center System Total	**0**	**7**	**0**	**0**	**5**	**12**
Matthews Surgery Center	0	2	0	0	0	2
Novant Health Ballantyne Medical Center**	0	0	0	0	2	2
Novant Health Ballantyne Outpatient Surgery**	0	2	0	0	-2	0
Novant Health Huntersville Medical Center	1	0	6	-2	2	7
Novant Health Huntersville Outpatient Surgery	0	2	0	0	0	2
Novant Health Matthews Medical Center	2	0	6	-2	0	6
Novant Health Mint Hill Medical Center	1	0	3	-1	1	4
Novant Health Presbyterian Medical Center	5	0	18	-2	-2	19
Novant Health Charlotte Orthopedic Hospital***	0	0	12	0	0	12
Novant Health Charlotte Outpatient Surgery***	0	6	0	0	0	6
SouthPark Surgery Center	0	6	0	0	0	6
Novant Health System Total	**9**	**18**	**45**	**-7**	**1**	**66**
Carolinas Ctr for Ambulatory Dentistry****	0	0	0	0	2	2
Mallard Creek Surgery Center****	0	2	0	0	0	2
Metrolina Vascular Access Center	0	0	0	0	1	1
Total	**22**	**42**	**105**	**-15**	**8**	**162**

Sources: Table 6A, 2019 SMFP; 2019 LRAs; findings for previous applications; Agency records.
*AH Mercy, while a separate location, is licensed as part of CMC.
**In Project I.D. #F-11625-18, Novant Health Ballantyne Medical Center was approved, which will involve relocating two ORs from Novant Health Ballantyne Outpatient Surgery, which will close when Novant Health Ballantyne Medical Center opens.
***Novant Health Charlotte Orthopedic Hospital and Novant Health Charlotte Outpatient Surgery are separate locations licensed as part of Novant Health Presbyterian Medical Center.
****These facilities are part of demonstration projects and the ORs are not included in the SMFP need determination calculations.

In Section G, page 55, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds or ORs in Mecklenburg County. The applicant states the proposed project does not involve any change in acute care bed capacity or OR capacity at AH Mercy or any other Atrium facility in Mecklenburg County.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the proposal would not change the number of acute care beds or ORs in Mecklenburg County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 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 H, page 57, the applicant states its projected staffing has changed from what was proposed as part of Project I.D. #F-11268-16. In supplemental information, the applicant provides updated current and projected staffing for the first three full fiscal years following project completion, as shown in the table below.

AH Mercy Current (CY 2018) and Projected (FYs 1-3) Staffing in FTEs				
Position	**Current**	**Projected**		
	CY 2018	**FY 1 (CY 2022)**	**FY 2 (CY 2023)**	**FY 3 (CY 2024)**
Surgical Services				
Registered Nurse	76.0	70.8	70.6	70.4
Technician	60.3	56.2	56.1	55.9
Supervisory	7.2	6.7	6.7	6.7
Aides & Attendants	9.5	8.9	8.8	8.8
Administrative/Management	1.7	1.6	1.6	1.6
Clerical & Secretarial	2.8	2.6	2.6	2.6
Enviro/Plant/Food/Service	0.2	0.2	0.2	0.2
Surgical Services Total	**157.7**	**147.0**	**146.6**	**146.1**
Medical/Surgical Acute Care Beds				
Registered Nurse	154.0	186.2	186.7	187.1
Technician	70.4	85.1	85.4	85.5
Licensed Practical Nurse	11.5	13.9	13.9	13.9
Supervisory	5.6	6.8	6.8	6.8
Aides & Attendants	6.2	7.5	7.5	7.5
Clerical & Secretarial	3.0	3.6	3.6	3.6
Medical/Surgical Acute Care Beds Total	**250.7**	**303.1**	**303.9**	**304.6**
ICU Acute Care Beds				
Registered Nurse	40.2	48.6	48.8	48.9
Supervisory	0.9	1.1	1.1	1.1
Technician	4.1	5.0	5.0	5.0
Clerical & Secretarial	0.3	0.3	0.3	0.3
ICU Acute Care Beds Total	**45.5**	**55.0**	**55.1**	**55.3**
Affected Services Total	**453.9**	**505.1**	**505.6**	**506.0**

The assumptions and methodology used to project staffing are provided in supplemental information. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in supplemental information (in revised Form F.4).

Project I.D. #F-11268-16 was found conforming with this criterion, and the applicant proposes no other changes as part of this project which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested 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 Project I.D. # F-11268-16, the application was conforming to this criterion. In Section I, page 58, the applicant states there are no changes to the responses provided in that application, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. 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 applicant is not an HMO. 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

In Project I.D. #F-11268-16, the applicant proposed to renovate 17,972 square feet of space as part of the proposed project. The applicant provides line drawings for the previously proposed project in Exhibit C.10-1.

In Section C, page 23, the applicant states the COS project involves renovating a total of 140,073 square feet of space and constructing 5,500 square feet of new space. Line drawings are provided in Exhibit C.10-2.

In Section K, page 63, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal.

On page 63, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 63-65, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

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

C

In Section L, page 69, the applicant the applicant provides the historical payor mix for the last full fiscal year for the proposed services, as illustrated in the following table.

AH Mercy Historical Payor Mix – CY 2018			
Payor Source	**Total Facility**	**Acute Care Beds**	**Surgical Services**
Self-Pay	18.3%	10.3%	3.6%
Medicare*	35.2%	49.5%	42.4%
Medicaid*	15.8%	12.4%	4.6%
Insurance*	27.7%	25.4%	45.2%
Other**	3.0%	2.5%	4.2%
TOTAL	**100.0%**	**100.0%**	**100.0%**

Source: Atrium Health Internal Data
Note: The applicant states that it does not have charity care as a payor source, and that patients in every payor category receive charity care.
*Including any managed care plans
**"Other" includes Worker's Compensation and TRICARE

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

	Percentage of Total Patients Served by AH Mercy during the Last Full FY (CY 2018)	**Percentage of the Population of the Service Area**
Female	57.9%	51.2%
Male	41.9%	48.8%
Unknown	0.2%	0.0%
64 and Younger	74.4%	86.4%
65 and Older	25.6%	13.6%
American Indian	1.8%	0.0%
Asian	0.6%	5.5%
Black or African-American	51.5%	33.3%
Native Hawaiian or Pacific Islander	0.0%	1.0%
White or Caucasian	40.0%	57.6%
Other Race	5.9%	2.6%
Declined / Unavailable	0.2%	0.0%

Sources: Atrium Health Internal Data, NC OSBM Population Data

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities

and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

In Project I.D. #F-11268-16, the applicant was found conforming with this criterion. In Section L, page 69, the applicant states there are no changes to the responses provided in that application, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, page 70, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

AH Mercy Projected Payor Mix – FY 2 (CY 2023)			
Payor Source	**Total Facility**	**Acute Care Beds**	**Surgical Services**
Self-Pay	18.3%	10.3%	3.6%
Medicare*	35.2%	49.5%	42.4%
Medicaid*	15.8%	12.4%	4.6%
Insurance*	27.7%	25.4%	45.2%
Other**	3.0%	2.5%	4.2%
TOTAL	**100.0%**	**100.0%**	**100.0%**

Source: Atrium Health Internal Data
Note: The applicant states that it does not have charity care as a payor source, and that patients in every payor category receive charity care.
*Including any managed care plans
**"Other" includes Worker's Compensation and TRICARE

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 18.3 percent of all services at AH Mercy will be provided to

self-pay patients, 35.2 percent will be provided to Medicare patients, and 15.8 percent will be provided to Medicaid patients.

In Section L, page 70, the applicant provides the assumptions and methodology used to project payor mix for the proposed services during the second full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the applicant's CY 2018 payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

(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 Project I.D. # F-11268-16, the application was conforming to this criterion, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Project I.D. # F-11268-16, the application was conforming to this criterion, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

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

C

The applicant proposes a COS to Project I.D. #F-11268-16 (relocate one OR from CMC and renovate existing surgical spaces) by relocating one OR from CMC, renovating and consolidating the entire surgical services area into one main surgical suite; renovating acute care bed rooms across multiple units and floors; creating procedure rooms; and renovating non-clinical spaces to modernize the facility.

On page 36, the 2019 SMFP defines the service area for acute care beds as *"…the acute care bed planning area in which the bed is located. The acute care bed planning areas are the single and multicounty groupings shown in Figure 5.1."* Figure 5.1, on page 40, shows Mecklenburg County as a single county acute care bed planning area. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are ten existing and approved acute care hospitals and affiliated campuses owned by two providers (Atrium and Novant Health, Inc.) in Mecklenburg County, as illustrated in the following table.

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Facility	**Existing/Approved Beds**
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Sources: Table 5A, 2019 SMFP; 2019 LRAs; findings for previous applications; Agency records.
Note: Numbers in parentheses reflect approved changes in bed inventory.
*AH Mercy, while a separate campus, is licensed as part of CMC.
**Novant Health Charlotte Orthopedic Hospital, while a separate campus, is licensed as part of Novant Health Presbyterian Medical Center.

On page 55, the 2019 SMFP defines the service area for operating rooms as *"…the operating room planning area in which the operating room is located. The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1, on page 60, shows Mecklenburg County as a single county operating room planning area. Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

Not including dedicated C-Section ORs and trauma ORs, there are 162 existing and approved ORs in Mecklenburg County, allocated between 22 hospitals, affiliated campuses, and ASFs, as shown in the table below.

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Atrium Health Pineville	3	0	9	-2	1	11
Atrium Health University City	1	2	9	-1	-4	7
Carolina Center for Specialty Surgery	0	2	0	0	1	3
Carolinas Medical Center	9	11	27	-5	-1	41
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Charlotte Surgery Center System Total	**0**	**7**	**0**	**0**	**5**	**12**
Matthews Surgery Center	0	2	0	0	0	2
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Mallard Creek Surgery Center****	0	2	0	0	0	2
Metrolina Vascular Access Center	0	0	0	0	1	1
Total	**22**	**42**	**105**	**-15**	**8**	**162**

Sources: Table 6A, 2019 SMFP; 2019 LRAs; findings for previous applications; Agency records.
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**In Project I.D. #F-11625-18, Novant Health Ballantyne Medical Center was approved, which will involve relocating two ORs from Novant Health Ballantyne Outpatient Surgery, which will close when Novant Health Ballantyne Medical Center opens.
***Novant Health Charlotte Orthopedic Hospital and Novant Health Charlotte Outpatient Surgery are separate locations licensed as part of Novant Health Presbyterian Medical Center.
****These facilities are part of demonstration projects and the ORs are not included in the SMFP need determination calculations.

In Project I.D. # F-11268-16, the application was conforming to this criterion, and the applicant proposes no changes in the current COS application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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

In Exhibit O.3-1, the applicant provides a list of all healthcare facilities with acute care beds and ORs located in North Carolina which are owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 21 hospitals and ASFs located in North Carolina.

In Section O, pages 77-78, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in two of these facilities. The applicant states that all the problems have been corrected and provides supporting documentation in Exhibit O.3-2. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in two of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 21 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(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

In Project I.D. # F-11268-16, the application was conforming to Criteria and Standards for Surgical Services and Operating Rooms promulgated in 10A NCAC 14C .2103, and the applicant proposes no changes in the current COS application which would affect that determination. The applicant does not propose any other changes in this COS application which would make any other Criteria and Standards applicable to this review. Therefore, the application is conforming with this criterion.