

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 22, 2020

Findings Date: December 22, 2020

Project Analyst: Ena Lightbourne

Team Leader: Gloria C. Hale

Project ID #: H-11950-20

Facility: FirstHealth Moore Regional Hospital

FID #: 943358

County: Moore

Applicant(s): FirstHealth of the Carolinas, Inc.

Project: Develop no more than 25 acute care beds pursuant to the need determination in the 2020 SMFP for a total of no more than 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds)

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

FirstHealth of the Carolinas, Inc., hereinafter referred to as “FirstHealth” or “the applicant,” proposes to develop 25 acute care beds at FirstHealth Moore Regional Hospital (FMRH) pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds). The proposed project includes the construction of a third floor to be located above the approved, but not yet constructed, 22-bed acute care unit.

Need Determination

Chapter 5 of the 2020 SMFP includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Table 5B on page 48 of the 2020 SMFP includes an acute care bed need determination for 25 additional acute care beds in the Moore County service area. The 2020 SMFP, on page 36, states:

“Any qualified applicant may apply for a certificate of need to acquire the needed acute care beds. A person is a qualified applicant if he or she proposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid services (CMS) as follows: ...” [as listed on pages 36-37 of the 2020 SMFP]*

FMRH is an existing acute care hospital that meets all of these qualifications. Therefore, based on the information provided by the applicant, the applicant is qualified to apply for a certificate of need to develop the acute care beds.

The applicant does not propose to develop more new acute care beds than are determined to be needed in the 2020 SMFP for the Moore County service area. Therefore, the application is consistent with the need determination.

Policies

There are two policies in the 2020 SMFP applicable to this review: *Policy GEN-3: Basic Principles* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy GEN-3, on pages 30-31 of the 2020 SMFP, states:

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

Promote Safety and Quality - The applicant describes how it believes the proposed project would promote safety and quality in Section B, page 21; Section N, pages 87-88; Section O, pages 91-92 and referenced exhibits. The information provided by the applicant is reasonable

and adequately supports the determination that the applicant's proposal would promote safety and quality.

Promote Equitable Access - The applicant describes how it believes the proposed project would promote equitable access in Section B, pages 22-23; Section C, pages 44-45; Section L, pages 79-83; Section N, pages 88-89 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote equitable access.

Maximize Healthcare Value - The applicant describes how it believes the proposed project would maximize health care value in Section B, page 23; Section F, pages 57-61; Section K, pages 74-76, Section N, page 87; the applicant's pro forma financial statements in Section Q and referenced exhibits.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 31 of the 2020 SMFP, 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. In Section B, pages 24-25, the applicant describes its plan to assure improved energy efficiency and water conservation, including the use of occupancy sensors for lighting in offices, full DOC building automation system with individual room thermostats and low flow water fixtures, including dual flush (low/high) fixtures in public areas. The applicant adequately describes 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 based on the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 because the applicant adequately demonstrates how its proposal incorporates the concepts of quality, equitable access, and maximum value for resources expended in meeting the need for the proposed services as identified by the applicant.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant adequately demonstrates the project's plan to assure improved energy efficiency and water conservation.

(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

FirstHealth proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

Patient Origin

On page 33, the 2020 SMFP defines the service area for acute care beds as “*the service area in which the bed is located. The acute care bed service areas are the single and multicounty groupings shown in Figure 5.1.*” The proposed acute care beds are to be at FirstHealth Moore Regional Hospital which is in Moore County. Moore County is depicted as a single county service area in Figure 5.1. Thus, the service area for the proposed new acute care beds consists of Moore County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

County	Historical Last Full FY 7/01/2018-06/30/2019 (FY 2019)		Third Full FY of Operation following Project Completion 10/01/2025-09/30/2026 (FY 2026)	
	Patients	% of Total	Patients	% of Total
Moore	8,899	40.2%	9,879	40.2%
Richmond	3,388	15.3%	3,760	15.3%
Montgomery	1,583	7.2%	1,769	7.2%
Hoke	1,548	7.0%	1,720	7.0%
Lee	1,350	6.1%	1,499	6.1%
Robeson	1,236	5.6%	1,376	5.6%
Scotland	893	4.0%	983	4.0%
Primary Service Area Total	18,897	85.4%	20,986	85.4%
Harnett	794	3.6%	885	3.6%
Randolph	260	1.2%	295	1.2%
Chatham	223	1.0%	246	1.0%
Stanly	29	0.1%	25	0.1%
Secondary Service Area Total	1,306	5.9%	1,450	5.9%
Other NC	1,473	6.7%	1,646	6.7%
Other State	455	2.1%	515	2.1%
Total	22,131	100.0%	24,573	100.0%

Source: Section C, pages 29-30

In Section C, page 29, the applicant identifies a primary and secondary service area. The primary area consists of Moore county and six other surrounding counties.

In Section C, page 31, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

“FirstHealth expects its patient origin to remain unchanged from its FY 2019 patient origin.”

The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based on its historical patient origin of acute care services at FMRH during FY 2019.
- The applicant does not expect patient origin to change by the first three full fiscal years of operation following project completion.

Analysis of Need

In Section C, pages 32-39, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. To demonstrate the need for the proposed acute care beds, the applicant reviewed the following factors:

- Population Growth Trends (Moore County and the Primary Service Area)

- FirstHealth Network Growth
- FMRH Services
- Inpatient Utilization

Population Growth Trends-Moore County/Primary Service Area (pages 33-35)

Moore County

To illustrate growth trends in Moore County, the applicant used data projections from the North Carolina Office of State Budget and Management (NCOSBM). According to the 2019 NCOSBM, from 2015 to 2020, the Moore County population grew by 9.3 percent. Moore County’s population is projected to grow by 8.3 percent from 2020 to 2025. The 65+ population is expected to be the fastest-growing population. The following table demonstrates projected population growth by age group in Moore County.

Moore County population Growth Trends					
Age Group	2015 Population	2020 Population	2025 Projected Population	2015 to 2020 percent Growth	Projected Population Growth 2020 to 2025
<18	19,733	21,026	22,598	6.6%	7.5%
18-44	26,240	28,556	31,215	8.8%	9.3%
45-64	24,430	25,716	26,309	5.3%	2.3%
65+	23,756	27,652	31,412	16.4%	13.6%
Total	94,159	102,950	111,534	9.3%	8.3%
Percent <18	21.0%	20.4%	20.3%		
Percent 18-44	27.9%	27.7%	28.0%		
Percent 45-64	25.9%	25.0%	23.6%		
Percent 65+	25.2%	26.9%	28.2%		

Source: Section C, page 33, NCOSBM, 2019

Primary Service Area

In Section C, page 30, the applicant identifies the Primary Service Area as Moore, Richmond, Montgomery, Hoke, Lee, Robeson and Scotland counties. To illustrate growth trends in the primary service area, the applicant used data projections from NCOSBM. According to the 2019 NCOSBM, from 2015 to 2020, the primary service area population grew by 3.0 percent. The primary service area population is projected to grow by an additional 3.0 percent from 2020 to 2025, and the 65+ population is expected to be the fastest-growing population, increasing by 12.1 percent from 2020 to 2025. The following table demonstrates projected population growth by age group in the Primary Service Area.

Primary Service Area Population Growth Trends					
Age Group	2015 Population	2020 Population	2015 Projected Population	2015 to 2020 percent Growth	Projected Population Growth 2020 to 2025
<18	109,668	107,657	107,329	-1.8%	-0.3%
18-44	150,137	153,990	158,931	2.6%	3.2%
45-64	112,810	113,010	111,956	0.2%	-0.9%
65+	74,298	85,448	95,763	15.0%	12.1%
Total	446,913	460,105	473,979	3.0%	3.0%
Percent <18	24.5%	23.4%	22.6%		
Percent 18-44	33.6%	33.5%	33.5%		
Percent 45-64	25.2%	24.6%	23.6%		
Percent 65+	16.6%	18.6%	20.2%		

Source: Section C, page 35, NCOSBM, 2019

In Section C, pages 34-35, the applicant states that the growing and aging population increases inpatient services and supports the need for the proposed acute care beds. The applicant’s assumptions are based on data from two external sources: 2011 research data from Merck, and 2010 survey data from the CDC’s National Center for Health Statistics (CDC/NCHS). According to Merck, 20 percent of people age 65 to 74 and 27 percent of those age greater or equal to 75 had at least one emergency department visit and more that 40 percent of elderly patients seen in an emergency department are admitted to the hospital with six percent admitted to an ICU. According to CDC/NCHS, the 65+ age group had more total hospital discharges and a longer average length of stay nationally than the age groups <15, 15-44, and 45-64.

In Section C, pages 34-35, the applicant states that the population growth in Moore County and the Primary Service Area, including the 65+ age group, supported the patient admissions and thus days of care growth between 2015 and 2020, and therefore, supports the applicant’s reasonable assumption that the higher growth in the 65+ age group will support patient admissions and days of care growth between 2020 and 2025.

FirstHealth Network Growth (page 36)

The applicant states that recruitment and network growth support the need and the development of the additional 25 acute care beds. The applicant states that FMRH’s medical staff has grown to over 500 providers and two clinics plan to recruit another 12-20 physicians specializing in in primary care, cardiology, and surgical specialties to the area. The applicant states that adding these physicians to the FirstHealth Network will increase the number of physicians who will refer patients to FirstHealth services, including inpatient beds.

FMRH Services (pages 36-38)

The applicant states that opportunities for market share supports a hospital’s assumption of market share growth of existing patients and assures market capture in future healthcare services, related to population growth. The applicant states that the following services and

markets will allow FirstHealth to be in a position to capture future healthcare demand related to population growth leading to growth in acute care bed utilization between 2020 and 2025:

- Participate in the CMS Bundle Payments for Care Improvement Initiative, where FirstHealth accepts bundled payments for hip and knee replacement.
- Enhance capabilities and infrastructures to make FMRH more accessible to international patients desiring to access FMRH’s bariatric surgery, cardiothoracic surgery, pediatrics, cardiology, and orthopedic surgery services.
- Pursue direct contracting arrangements with local and regional employers to contain healthcare costs and provide easy access to FMRH services.
- Actively pursue opportunities to collaborate with physicians and surgeons in developing an Accountable Care Organization.

Inpatient Utilization (page 39)

The applicant states that FMRH must expand to meet the increasing demand for acute care services. FMRH inpatient days of care have grown from 88,257 in FY 2015 to 96,433 in FY 2019, a 9.3 percent increase over five years. The applicant states that projected utilization for the proposed project is based on growth factors such as projected population growth in the primary service area and among key age groups more likely to utilize acute care bed services.

The information is reasonable and adequately supported based on the following:

- The applicant uses clearly cited and reasonable historical and demographic data to identify the population to be served, its projected growth, and the need the identified population has for the proposed services;
- The applicant’s efforts toward network growth and market share expansion supports the need for the proposed project;
- The applicant’s historical growth in utilization created the current need determination for 25 additional acute care beds in the 2020 SMFP for the Moore County Acute Care Bed Service Area.

Projected Utilization

In Section Q, Form C, the applicant provides historical and projected utilization, as illustrated in the following tables.

FMRH Historical and Projected Utilization					
Existing Acute Care Beds					
	Prior Full FY FY 2019	Interim Full FY1 FY 2020	Interim Full FY 2 FY 2021	Interim Full FY 3 FY 2022	Interim Full FY 4 FY 2023
# of Beds	337	337	337	337	359*
# of Admission	22,131	19,097	20,720	22,481	22,987
# of Patient Days	96,433	82,115	89,095	96,668	98,843

*Twenty-two CON-approved acute care beds (Project ID# H-11459-18) added.

FMRH Projected Utilization Acute Care Beds			
	1st Full FY FY 2024	2nd Full FY FY 2025	3rd Full FY FY 2026
# of Beds	384	384	384
# of Admission	23,504	24,033	24,573
# of Patient Days	101,067	103,341	105,666

FMRH Projected Utilization 25 Proposed Acute Care Beds			
	1st Full FY FY 2024	2nd Full FY FY 2025	3rd Full FY FY 2026
# of Beds	25	25	25
# of Admission	1,377	1,482	1,588
# of Patient Days	5,919	6,374	6,830

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Calculate Annual Change Rate based on Historical Days of Care

To determine the most reasonable change rate to use in projecting days of care, the applicant calculates the annual change rate at the facility for the last five years. The applicant’s data is from the 2016-2020 SMFPs and the proposed 2021 SMFP. The applicant states that FMRH experienced an increase in inpatient days of care trending from FY 2015 through FY 2019, supporting the applicant’s projected growth in inpatient days of care at FMRH. The following tables illustrates the applicant’s calculations.

FMRH Historical Days of Care							Row
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
Days of Care	83,564	88,257	91,717	93,658	93,683	96,433	A
Annual Change Rate		5.62%	3.92%	2.12%	0.03%	2.94%	B
Annual Change in Days of Care		4,693	3,460	1,941	25	2,750	C

Source: 2016-2021 State Medical Facility Plans
 C = Current – Previous Year Days of Care
 B = (C / Previous Year Days of Care) x 100

Average Annual Change Rate			
	From	To	Average
1-Year Average	2018	2019	2.94%
2-Year Average	2017	2019	1.48%
3-Year Average	2016	2019	1.69%
4-Year Average	2015	2019	2.25%
5-Year Average	2014	2019	2.92%

Step 2: Apply Assumptions based on the effects of COVID-19 Pandemic

The applicant states that FMRH was closed for several months for elective surgery procedures and physicians were only treating emergency patients resulting in a decrease in inpatient days of care. The FMRH Executive Team projected that as the pandemic subsides, it will take two years for inpatient days of care to return to pre-COVID-19 pandemic days of care. Therefore, the applicant applies an annual growth rate of 8.50 percent in FY 2021 and FY 2022 to project days of care. The applicant states that the projected growth rate will allow the facility to recover its lost inpatient days of care volume due to the COVID-19 pandemic in two years. After recovery of lost days of care, the applicant projects an annual growth rate of 2.25 percent project the days of care from FY 2023 to FY 2026, which is equal to the average annual change rate between FY 2015 and FY 2019 or pre-COVID-19 pandemic growth.

Step 3: Apply Need Methodology Based on Calculations and Assumptions from Step 1 and Step 2

The applicant begins with the total annualized days of care in 2020. The total days of care decreased from 96,433 to 82,115 days of care, due to the COVID-19 pandemic. The applicant applies the following methodology:

- **2021-2020** FMRH Days of Care of 82,115 days is multiplied by $(1 + 8.50\%)$ for a 2021 Total Days of Care equal to 89,095.
- **2022-2021** FMRH Days of Care of 89,095 days is multiplied by $(1 + 8.50\%)$ for a 2022 Total Days of Care equal to 96,668.
- **2023-2022** FMRH Days of Care of 96,668 days is multiplied by $(1 + 2.25\%)$ for a 2023 Total Days of Care equal to 98,843.
- **2024-2023** FMRH Days of Care of 98,843 days is multiplied by $(1 + 2.25\%)$ for a 2024 Total Days of Care equal to 101,067.
- **2025-2024** FMRH Days of Care of 101,067 days is multiplied by $(1 + 2.25\%)$ for a 2025 Total Days of Care equal to 103,341.
- **2026-2025** FMRH Days of Care of 103,341 days is multiplied by $(1 + 2.25\%)$ for a 2026 Total Days of Care equal to 105,666

Summary-The following table illustrates projected utilization for acute care beds at FMRH.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Days of Care	82,115	89,095	96,668	98,843	101,067	103,341	105,666
Annual Change Rate		8.50%	8.50%	2.25%	2.25%	2.25%	2.25%
Projected Annual Change	(14,318)	6,980	7,573	2,175	2,224	2,274	2,325
Days of Care	82,115	89,095	96,668	98,843	101,067	103,341	105,666
Average Daily* Census (ADC)	225.0	244.1	264.1	270.8	276.9	283.1	289.5
Occupancy** Factor	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Bed Need***	299	325	351	360	368	377	385
Licensed Beds	337	337	337	359	384	384	384
Bed**** Need/(Surplus)	(37.79)	(12.35)	14.28	1.17	(15.73)	(7.44)	1.03
Occupancy Rate	66.8%	72.4%	78.4%	75.4%	72.1%	73.7%	75.4% [75.3%]
Admissions	19,097	20,720	22,481	22,987	23,504	24,033	24,573
Days of Care per Admission	4.3	4.3	4.3	4.3	4.3	4.3	4.3

Note: Project Analyst's correction is in brackets.

*Days of Care / 365.25 days

**ADC greater than 200 <= 400

***ADC x Occupancy Factor

****Bed Need - Licensed Beds

Projected utilization is reasonable and adequately supported based on the following:

- The applicant allows for a ramp up period for days of care to return to pre-COVID-19 pandemic levels.
- The applicant applies FMRH's historical growth rates to determine a projected growth rate to project total days of care.
- Based on the applicant's historical utilization and growth, the 2020 SMFP shows a need for 25 additional acute care beds in Moore County. FMRH's historical and projected utilization of acute care beds supports the need for the additional acute care beds in Moore County.

Access to Medically Underserved Groups

In Section C, page 44, the applicant states:

“FirstHealth is a not-for-profit organization that does not discriminate against any class of patient based on ability to pay, race, ethnicity, sex, handicap, or age. FirstHealth actively participates in both the Medicaid and Medicare programs.”

In supplemental information, the applicant provides the estimated percentage for each medically underserved group it intends to serve in the third full fiscal year of operation following completion of the project, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	16.1%
Racial and ethnic minorities	31.5%
Women	57.2%
Persons with Disabilities*	NA
The elderly	61.1%
Medicare beneficiaries	51.1%
Medicaid recipients	12.6%

*FMRH does not track patients by disability

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant does not discriminate based on ability to pay, race, ethnicity, sex, handicap, or age and provides supporting documentation of its Non-Discrimination Policy in Exhibit C.11.
- The applicant participates in Medicare and Medicaid as well as indigent and charity programs and provides supporting documentation in Exhibit L.4.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- 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 all the reasons described above.

- (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 applicant does not propose to reduce a service, 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.

C

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

In Section E, page 56, the applicant states that there were no other alternatives considered to meet the needs of the proposed project.

On page 56, the applicant states that its proposal is the most effective alternative because FMRH has no other space within the hospital to renovate to make the proposed acute care beds operational and that there was no other alternative for the development of these beds other than the construction of an elevated patient floor adjacent to and connected to the proposed location.

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

- 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

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. FirstHealth of the Carolinas, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall develop no more than 25 acute care beds pursuant to the need determination in the 2020 SMFP for a total of no more than 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).**
- 3. Upon completion of the project, FirstHealth Moore Regional Hospital shall be licensed for no more than 384 acute care beds.**

- 4. The certificate holder 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. The certificate holder 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.**
 - 6. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder 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 certificate holder 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 to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Capital Costs	
Construction/Renovation Contract(s)	\$14,178,000
Construction Contingency	\$1,417,800
Architect/Engineering Fees	\$779,790
Medical Equipment	\$2,000,000
Non-Medical Equipment	\$800,000
Consultant Fees	\$96,000
Other (Project Contingency)	\$1,789,895
Total	\$21,061,485

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

The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions because the applicant documents the construction and architect costs in a letter from an accredited architectural firm in Exhibit F-1.

In Section F, pages 59-60, the applicant states the FMRH operates acute care beds and does not propose any working capital.

Availability of Funds

In Section F, page 57, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	FirstHealth of the Carolinas, Inc.	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$21,061,485	\$21,061,485
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$ 21,061,485	\$ 21,061,485

* OE = Owner's Equity

Exhibit F-2 contains a letter from the Chief Executive Officer for FirstHealth of the Carolinas, Inc., authorizing the use of accumulated reserves for the capital needs of the project. Exhibit F-2 also contains the Consolidated Balance Sheets from FirstHealth of the Carolinas, Inc. for year ending September 30, 2019, which shows that FirstHealth of the Carolinas, Inc., had \$33 million in cash and cash equivalents and over \$1.2 billion in assets to fund the capital cost of the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2, the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below.

	1st FFY FY 2024	2nd FFY FY 2025	3rd FFY FY 2026
Total Patient Days	5,919	6,374	6,830
Total Gross Revenues (Charges)	\$78,134,670	\$86,665,197	\$95,651,238
Total Net Revenue	\$15,626,934	\$17,333,039	\$19,130,248
Average Net Revenue per Day	\$2,640.13	\$2,719.33	\$2,800.91
Total Operating Expenses (Costs)	\$14,162,990	\$15,226,093	\$16,053,547
Average Operating Expense per Day	\$2,392.80	\$2,388.78	\$2,350.44
Net Income	\$1,463,944	\$2,106,946	\$3,076,701

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the projected capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant’s projected gross revenue is based on historical payor mix percentages of total multiplied by applicant’s projected average charge.
- The applicant’s projected operating costs are based on historical operating costs.

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 based on the following:

- 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.

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

On page 33, the 2020 SMFP defines the service area for acute care beds as “*the service area in which the bed is located. The acute care bed service areas are the single and multicounty groupings shown in Figure 5.1.*” The acute care beds are proposed at FirstHealth Moore Regional Hospital which is in Moore County. Moore County is depicted as a single county service area in Figure 5.1. Thus, the service area for the proposed new acute care beds consists of Moore County. Facilities may also serve residents of counties not included in their service area.

According to Table 5A, page 44 of the 2020 SMFP, the applicant is the only provider of acute care beds in Moore County.

In Section G, page 64, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Moore County. The applicant states that the proposed project will not result in unnecessary duplication of any service component in the service area because FMRH is an existing acute care hospital and all components necessary to operate a facility already exist. The applicant states that its historical and projected utilization of acute care beds drives the need for the additional acute care beds in Moore County.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2020 SMFP for the proposed 25 new acute care beds in Moore County.
- The applicant adequately demonstrates that the proposed new 25 acute care beds are needed in addition to the existing or approved acute care beds.

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 based on 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.

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE Staff
	2nd Full Fiscal Year FY 2025
Clinical Director	1.0
Clerical Support	2.0
Registered Nurse	28.0
Nursing Assistant	8.0
TOTAL	39.0

The assumptions and methodology used to project staffing are provided in Section Q. Adequate expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3. In Section H, pages 66-67, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following.

- FMRH is an existing facility with long standing methods to recruit staff.
- The applicant provides supporting documentation, in Exhibit H-3, of FMRH's educational institute that provides staff development skills training to improve job performance and obtain new skills for career advancement.

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 for all 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

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

Ancillary and Support Services

In Section I, page 69, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Billing, Accounts Payable, and General Accounting
- Business Office/Admitting
- Facility Management
- Human Resources/Wage and Benefits
- Information Management
- Legal Services
- Materials Management
- Medical Record Services
- Planning and Marketing
- Precertification and Insurance
- Purchasing
- Quality Management and Infection Control
- Risk Management and Utilization Review
- Scheduling
- Staff Education

On page 69, the applicant adequately explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1.

The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

The necessary ancillary and support services are currently provided by FRMH or by FirstHealth corporate staff.

Coordination

In Section I, page 70, the applicant describes its existing and proposed relationships with other local health care and social service providers.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following.

Transfer arrangements currently exist between FirstHealth and nine other provider facilities.

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

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

In Section K, page 74, the applicant states that the project involves constructing 24,500 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 75, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- Expansion of the hospital through new construction will avoid disruption of patient care.
- The proposed project is most cost-effective since it will not require renovation and relocation of services within the hospital.

On page 75, 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 based on the following:

- The applicant describes the hospital's design project to be in compliance with all applicable federal, state, and local building codes, and requirements for energy efficiency and consumption.
- The applicant provides a certified cost estimate from the project architect which represents the most reasonable alternative for the proposed project. On pages 75-76, 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 80, the applicant provides the historical payor mix during FY 2019 for the proposed services, as shown in the table below.

FMRH Historical Payor Mix Last FFY, FY 2019	
Payor Source	Acute care bed Services (Days of Care) as Percent of Total
Medicare*	66.0%
Medicaid*	12.6%
Insurance*	13.8%
Self-Pay	0.0%
Other	7.6%
Total	100.0%

Source: Section L, page 80

*Including any managed care plans.

In Section L, page 79, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during FY 2019	Percentage of the Population of the Service Area
Female	57.2%	51.8%
Male	42.8%	48.2%
Unknown	0.0%	0.0%
64 and Younger	48.9%	76.1%
65 and Older	51.1%	23.9%
American Indian	4.6%	0.9%
Asian	0.4%	1.6%
Black or African-American	23.1%	12.2%
Native Hawaiian or Pacific Islander	0.1%	0.2%
White or Caucasian	68.5%	77.3%
Other Race	3.0%	7.8%
Declined / Unavailable	0.3%	0.0%

The percentage can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

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 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, page 80, the applicant states:

“FMRH is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons.”

In Section L, page 80, the applicant states that during the last five years no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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 81, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

FMRH Projected Payor Mix 3rd FFY, FY 2026	
Payor Source	Acute care bed Services as Percent of Total
Medicare*	66.0%
Medicaid*	12.6%
Insurance*	13.8%
Self-Pay	0.0%
Other	7.6%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 66% of its acute care bed services will be provided to Medicare patients and 12.6% will be provided to Medicaid patients.

On page 81, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on FMRH's current payor mix for inpatient services for residents of Hoke, Lee, Montgomery, Moore, Richmond, Robeson, and Scotland counties. The applicant does not project its Year 3 payor mix will differ from the current payor mix.

The Agency reviewed the:

- Application

- Exhibits to the application

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

- (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, page 83, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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

The applicant proposes to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

In Section M, page 85, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the facility's existing relationships with these training programs that are considered perpetual, automatically renewed annually or automatically renewed annually with a letter of intent.

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 for all the reasons described above.

- (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 to develop 25 acute care beds at FMRH pursuant to the need determination for Moore County in the 2020 State Medical Facilities Plan (SMFP) for a total of 384 acute care beds upon completion of this project and Project ID# H-11459-18 (add 22 acute care beds).

On page 33, the 2020 SMFP defines the service area for acute care beds as “*the service area in which the bed is located. The acute care bed service areas are the single and multicounty groupings shown in Figure 5.1.*” The acute care beds are proposed to at FirstHealth Moore Regional Hospital which is in Moore County. Moore County is depicted as a single county service area in Figure 5.1. Thus, the service area for the proposed new acute care beds consists of Moore County. Facilities may also serve residents of counties not included in their service area.

According to Table 5A of the 2020 SMFP, the applicant is the only provider of acute care beds in Moore County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 87, the applicant states:

“FirstHealth recognizes that patients have a choice of where to receive their care and it strives to earn the loyalty of its patients every day. But in order to remain competitive and to meet current and projected demand for its services, FirstHealth must take appropriate steps to expand its hospital. This CON application presents a reasonable and conservative approach to growth.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 87, the applicant states:

“FirstHealth has no other space within the hospital to renovate to make the proposed 25 acute care beds operational. There is no alternative for the development of these beds other than the construction of an elevated patient floor adjacent to and connected to the Reid Heart Center. The proposed project is the most cost effective approach to developing and offering the 25-bed acute care unit.”

See also Sections B, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 87, the applicant states:

“FirstHealth is committed to developing and carrying out a performance improvement plan to ensure safety and quality. The objective is to make certain a mechanism is in place, which will ensure the occurrence of an ongoing evaluation of various aspects of the operation of the project.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 88, the applicant states:

“FirstHealth attempts to address the barriers to access in its daily operation. FirstHealth does not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay.

...

FirstHealth actively participates in both the Medicaid and Medicare programs...”

See also Sections B, C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

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 based on 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 Section Q, Form A, the applicant identifies the hospital located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one of this type of facility located in North Carolina.

In Section O, page 93, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents resulting in a finding of immediate jeopardy have not occurred in this facility. According to the files in the Acute and Home Care Licensure & 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 have not occurred in this facility. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure & Certification Section and considering the quality of care provided at this facility, 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

The application is conforming with all applicable Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800. The specific criteria are discussed below.

SECTION .3800 – CRITERIA AND STANDARDS FOR ACUTE CARE BEDS

10A NCAC 14C .3803 PERFORMANCE STANDARDS

- (a) *An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.*
- C- The applicant proposes to develop 25 new acute care beds pursuant to a need determination in the 2020 SMFP. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area and owned by the applicant is greater than 200. The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area and which are owned by the applicant is reasonably projected to be 75.3 percent by the end of the third operating year following completion of the proposed project, which exceeds the utilization standard of 75.2 percent. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (b) *An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this rule and demonstrate that they support the projected inpatient utilization and average daily census.*
- C- See Section C, pages 32-39, for the applicant's discussion of need and Section Q and supplemental information for the applicant's data, assumptions, and methodology used to project utilization of acute care beds and average daily census. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.