ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date: January 24, 2020
Findings Date: January 24, 2020

Project Analyst: Julie M. Faenza
Team Leader: Gloria C. Hale

Project ID #: F-11749-19
Facility: CaroMont Regional Medical Center – Belmont
FID #: 190371
County: Gaston
Applicants: Gaston Memorial Hospital, Incorporated
CaroMont Health, Inc.
Project: Develop a new 54-bed acute care hospital in Belmont by relocating 21 existing acute care beds from the hospital in Gastonia and developing the 33 acute care beds pursuant to the need determination in the 2019 SMFP. One dedicated C-Section OR and one GI endoscopy room will be relocated from the hospital in Gastonia and 2 ORs will be relocated from CaroMont Specialty Surgery. In addition, this project is a change of scope for Project ID #F-10354-14 (replacement and relocation of major medical equipment and acquisition of 2 digital RF systems and 1 ultrasound unit)

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

Gaston Memorial Hospital, Incorporated (GMH) and CaroMont Health, Inc. (CaroMont), hereinafter referred to as "CaroMont" or "the applicant," propose to develop a new, separately licensed 54-bed acute care hospital by developing 33 acute care beds pursuant to the need determination for Gaston County in the 2019 State Medical Facilities Plan (SMFP) and relocating 21 acute care beds from CaroMont Regional Medical Center (CRMC). Additionally,

one dedicated C-Section operating room (OR) and one gastrointestinal (GI) endoscopy room will be relocated from CRMC. Two ORs from CaroMont Specialty Surgery (CSS) will also be relocated to the proposed facility. The new, separately licensed hospital would be known as CaroMont Regional Medical Center – Belmont (CRMC-B) and would be located adjacent to Belmont Abbey College, which has an address of 100 Belmont Mt. Holly Road in Belmont. In a change of scope for Project I.D. #F-10354-14, the applicant will relocate and replace a CT scanner, an MRI scanner, two radiographic/fluoroscopy (RF) units, and will relocate an ultrasound to CRMC-B from a diagnostic center adjacent to CRMC, instead of developing a new diagnostic center, CaroMont Imaging Services – Gaston Day, as proposed in that project.

Need Determination

Chapter 5 of the 2019 SMFP includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Table 5B on page 50 of the 2019 SMFP includes an acute care bed need determination for 33 additional acute care beds in the Gaston County service area. Page 38 of the 2019 SMFP 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 38-39 of the 2019 SMFP]

In Section C, pages 39-49, the applicant states CRMC-B will have a 24-hour emergency services department, will provide inpatient medical services to medical and surgical patients, and will provide medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by CMS and as listed on pages 38-39 of the 2019 SMFP.

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 2019 SMFP for the Gaston County service area. Therefore, the application is consistent with the need determination.

Policies

There are three policies in the 2019 SMFP applicable to this review: Policy AC-5: *Replacement of Acute Care Bed Capacity*, Policy GEN-3: *Basic Principles*, and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*.

Policy AC-5: *Replacement of Acute Care Bed Capacity*, on pages 19-20 of the 2019 SMFP, states:

> *"Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant's hospital in relation to utilization targets found below. For hospitals* ***not*** *designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed "days of care" shall be counted. For hospitals designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed "days of care"* ***and*** *swing bed days (i.e., nursing facility days of care) shall be counted in determining utilization of acute care beds. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application. Additionally, if the hospital is a Critical Access Hospital and swing bed days are proposed to be counted in determining utilization of acute care beds, the hospital shall also propose to remain a Critical Access Hospital and must demonstrate the need for maintaining the swing bed capacity proposed within the application. If the Critical Access Hospital does not propose to remain a Critical Access Hospital, only acute care bed "days of care" shall be counted in determining utilization of acute care beds and the hospital must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application."*

Facility Average Daily Census	***Target Occupancy of Licensed Acute Care Beds***
1-99	*66.7%*
100-200	*71.4%*
Greater than 200	*75.2%*

(emphasis in original)

Policy AC-5 is applicable to this review because the applicant proposes to construct new space for 21 existing acute care beds. In Section Q, the applicant projects acute care bed days of care at CRMC-B for the first three full fiscal years following project completion. The applicant's projections from Section Q, along with the average daily census (ADC) and occupancy rate, are shown in the table below.

CRMC-B Projected Utilization – SFYs 1-3			
	SFY1 (7/2023 – 6/2024)	**SFY2 (7/2024 – 6/2025)**	**SFY3 (7/2025 – 6/2026)**
# of Beds	54	54	54
# of Patient Days	7,970	10,730	13,611
ADC*	22	29	37
Occupancy**	40.7%	53.7%	68.5%

*ADC equals total number of patient days of care divided by the number of days in that time period.
**Occupancy equals ADC divided by the number of beds.

As shown in the table above, CRMC-B will have an ADC between 1-99 and will exceed the applicable utilization target of 66.7 percent in the third full fiscal year following project completion. Therefore, the application is consistent with Policy AC-5.

Policy GEN-3: *Basic Principles*, on page 31 of the 2019 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 will promote safety and quality in Section B, pages 22-29; Section N, pages 137-138; Section O, pages 140-144; and referenced exhibits. The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will promote safety and quality.

Promote Equitable Access

The applicant describes how it believes the proposed project will promote equitable access in Section B, pages 30-32; Section C, page 83; Section D, page 96; Section L, pages 126-131; Section N, pages 137-138; referenced exhibits; and supplemental information requested by the Agency. The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes the proposed project will maximize healthcare value in Section B, page 32; Section C, pages 60-78; Section F, pages 100-106; Section K, pages 121-124; Section N, pages 137-138; and referenced exhibits. The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will maximize healthcare value.

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. Therefore, the application is consistent with Policy GEN-3.

Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*, on page 31 of the 2019 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 is 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, page 34, Section K, page 122, and Exhibits B.11 and K.3, the applicant discusses its plan to assure improved energy efficiency and water conservation. On page 34, the applicant states the proposed project will conform to or exceed energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Code and North Carolina Energy Code.

The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the Gaston County service area.

- The applicant adequately demonstrates that the proposal is consistent with Policy AC-5 because the projected occupancy rate in the third full fiscal year following project completion exceeds the minimum required occupancy rate of 66.7 percent as required for a facility with an ADC of 1-99.

- 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 application includes a written statement describing 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

The applicant proposes to develop a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR, and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

The applicant currently operates CRMC, an acute care hospital with 372 acute care beds and 22 ORs (including four dedicated C-Section ORs and one dedicated open heart surgery OR). The applicant also operates CSS, a freestanding ambulatory surgical facility (ASF) with six ORs, and a satellite ED in Mount Holly (CRMC-MH-ED).

CRMC-B will offer inpatient, outpatient, and emergency care. In Section C, page 36, and in supplemental information, the applicant states the proposed project will involve the relocation of the following assets:

- 21 acute care beds, one dedicated C-Section OR, and one GI endoscopy room from CRMC
- A CT scanner, an MRI scanner, two RF systems, and an ultrasound unit from CRMC, all of which (excepting the ultrasound unit) will be replaced as part of the relocation (in a change of scope for Project I.D. #F-10354-14)
- Two ORs from CSS

On pages 36-37, the applicant proposes to offer the following new services at the proposed facility:

- 33 acute care beds pursuant to the need determination in the 2019 SMFP for Gaston County
- 12 non-licensed observation beds
- Emergency Department (ED) with 16 treatment rooms
- Five ultrasound units
- One SPECT system
- Three portable general radiography units
- Three portable mini C-arm units

The applicant is also proposing to offer the following services:

- Hospitalist services
- Routine and stat laboratory services
- Physical, speech, occupational, and respiratory therapy services
- Pharmaceutical services
- Ancillary services as required

Patient Origin

The 2019 SMFP defines the service area for acute care bed services and ORs as the planning area in which the acute care beds and ORs are located. The 2019 SMFP does not define the service area for GI endoscopy rooms; however, the Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), states that the service area is defined by the applicant. Thus, the service area for the acute care beds and ORs is Gaston County, and the service area for the GI endoscopy rooms is 42 ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. Facilities may also serve residents of counties not included in their service area.

In supplemental information, the applicant defines its area of patient origin as selected ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. The applicant grouped these ZIP codes into regions, which are listed in the table below.

CRMC-B Projected Area of Patient Origin		
Region	**Counties**	**ZIP Codes**
East	Gaston, Mecklenburg	28012, 28032, 28120, 28164, 28214, 28216, and 28278
South	York (SC)	28710, 29703, and 29745
NorthEast	Gaston, Catawba, Lincoln	28006 and 28037
Central & West	Gaston, Catawba, Cleveland, Lincoln, Rutherford	28016, 28017, 28020, 28021, 28033, 28034, 28038, 28042, 28052-28056, 28073, 28077, 28080, 28086, 28089, 28090, 28092, 28093, 28098, 28101, 28114, 28136, 28150-28152, 28168, and 28169

CRMC-B is not an existing hospital or campus and thus has no historical patient origin.

The following tables illustrate projected patient origin for the first three full fiscal years (FYs) following project completion. The applicant defines its full fiscal year as July 1 – June 30, which is also the North Carolina state fiscal year, and will be abbreviated as SFY.

Projected Patient Origin – General Inpatient Medical/Surgical Services						
Area	**SFY1 (7/2023-6/2024)**		**SFY2 (7/2024-6/2025)**		**SFY3 (7/2025-6/2026)**	
	# Patients	**% of Total**	**# Patients**	**% of Total**	**# Patients**	**% of Total**
East	1,435	63.0%	1,943	63.4%	2,474	63.6%
South	42	1.8%	88	2.9%	137	3.5%
NorthEast	25	1.1%	46	1.5%	67	1.7%
Central & West	751	33.0%	956	31.2%	1,169	30.1%
Other	25	1.1%	33	1.1%	42	1.1%
Total	**2,277**	**100.0%**	**3,066**	**100.0%**	**3,889**	**100.0%**

Source: Section C, page 57

Projected Patient Origin – Emergency Services						
Area	**SFY1 (7/2023-6/2024)**		**SFY2 (7/2024-6/2025)**		**SFY3 (7/2025-6/2026)**	
	# Patients	**% of Total**	**# Patients**	**% of Total**	**# Patients**	**% of Total**
East	5,102	40.9%	8,212	40.9%	9,678	39.9%
South	39	0.3%	56	0.3%	66	0.3%
NorthEast	77	0.6%	91	0.5%	102	0.4%
Central & West	6,403	51.3%	10,322	51.4%	12,749	52.5%
Other	867	6.9%	1,394	6.9%	1,686	6.9%
Total	**12,487**	**100.0%**	**20,075**	**100.0%**	**24,282**	**100.0%**

Source: Section C, page 57

Projected Patient Origin – Surgical Services (ORs)						
Area	**SFY1 (7/2023-6/2024)**		**SFY2 (7/2024-6/2025)**		**SFY3 (7/2025-6/2026)**	
	# Patients	**% of Total**	**# Patients**	**% of Total**	**# Patients**	**% of Total**
East	567	44.3%	757	43.9%	944	43.1%
South	7	0.5%	11	0.6%	16	0.7%
NorthEast	9	0.7%	10	0.6%	13	0.6%
Central & West	621	48.4%	841	48.7%	1,081	49.4%
Other	77	6.0%	106	6.2%	134	6.1%
Total	**1,281**	**100.0%**	**1,725**	**100.0%**	**2,188**	**100.0%**

Source: Section C, page 57

Projected Patient Origin – GI Endoscopy Services						
Area	SFY1 (7/2023-6/2024)		SFY2 (7/2024-6/2025)		SFY3 (7/2025-6/2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
East	382	44.3%	509	43.9%	635	43.1%
South	5	0.5%	7	0.6%	11	0.7%
NorthEast	6	0.7%	7	0.6%	9	0.6%
Central & West	418	48.4%	566	48.7%	727	49.4%
Other	52	6.0%	72	6.2%	90	6.1%
Total	**862**	**100.0%**	**1,161**	**100.0%**	**1,472**	**100.0%**

Source: Section C, page 58

Projected Patient Origin – Imaging Services						
Area	SFY1 (7/2023-6/2024)		SFY2 (7/2024-6/2025)		SFY3 (7/2025-6/2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
East	10,713	44.3%	14,298	43.9%	17,829	43.1%
South	133	0.5%	203	0.6%	298	0.7%
NorthEast	167	0.7%	193	0.6%	248	0.6%
Central & West	11,725	48.4%	15,879	48.7%	20,419	49.4%
Other	1,462	6.0%	2,009	6.2%	2,535	6.1%
Total	**24,200**	**100.0%**	**32,582**	**100.0%**	**41,329**	**100.0%**

Source: Section C, page 58

In Section C, page 59, and in supplemental information, 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 61-75, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The 2019 SMFP shows a need determination for 33 acute care beds in Gaston County. The applicant also states the Proposed 2020 SMFP shows a draft need for 64 additional acute care beds in Gaston County in addition to the 33 acute care beds in the 2019 SMFP. (The Project Analyst notes that as of the date of these findings, the 2020 SMFP signed by the governor does show a need for 64 additional acute care beds in Gaston County.)

- The Charlotte metro area, which includes Gaston County, has multiple hospitals in the northern, eastern, central, and southern parts of the metro area. The only hospital in the western part of the metro area, CRMC, is in the western part of Gaston County, with no hospitals in the eastern part of Gaston County. The applicant further states there is significant traffic congestion between the proposed location of CRMC-B and the location of CRMC.

- According to the North Carolina Office of State Budget and Management (NC OSBM), the population of Gaston County grew 8.9 percent between 2009 and 2019, including a growth rate of 35 percent for the population age 65 and older. While the population growth

of Gaston County is expected to slow between 2019 and 2029, NC OSBM still projects an overall population growth of 7.2 percent, including a growth rate of 27 percent for the population age 65 and older.

- The applicant cites federal data showing the population age 65 and older had more discharges, a higher use rate, and higher numbers of overnight hospital stays greater than three nights than any other age group.

- ESRI population projections for the CRMC historical area of patient origin show projected population growth rates are highest in the eastern part of the historical area of patient origin, comprised of eastern portions of Gaston County and western portions of Mecklenburg County, close to the proposed location for CRMC-B, and a northeastern portion of Lincoln County.

- Economic development in Gaston County is increasing, with a new light rail being developed, road upgrades and expansions approved and under development, and other businesses developing and opening in the area; the applicant states this necessitates preparation for sufficient healthcare infrastructure.

- According to The County Health Rankings & Roadmaps program, Gaston County ranks 66th out of 100 counties in NC for health outcomes and 56th out of 100 counties in NC for health factors; in comparison, Mecklenburg County ranks 4th and 14th, respectively. Development of CRMC-B will help address some of the health factors (or lack thereof) which resulted in the low rankings for Gaston County.

- CRMC utilization has increased for both inpatient and outpatient services, which drives the need determination for additional acute care beds; additionally, 90 members of the CaroMont Health Physician Network support the proposed new hospital.

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

- 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 provides reasonable information to support the need for a new hospital in eastern Gaston County based on documented factors specific to the proposed area of patient origin; and

- The applicant's historical growth in utilization created the current need determination for 33 additional acute care beds as well as a need determination for 64 additional acute care beds in the 2020 SMFP.

Projected Utilization

In Section Q, the applicant provides projected utilization as illustrated in the following tables.

CRMC-B Projected Utilization – Acute Care and Observation Beds			
	SFY 1 7/23-6/24	**SFY 2 7/24-6/25**	**SFY 3 7/25-6/26**
Total Acute Care Beds			
# of Beds	54	54	54
# Admissions	2,277	3,066	3,889
# of Patient Days	7,970	10,730	13,611
Observation Beds			
# of Beds	12	12	12
# of Patient Days	1,547	1,575	1,605
ALOS*	1.2	1.2	1.2

*ALOS = Average Length of Stay

CRMC-B Projected Utilization – Laboratory, Therapies, & Diagnostic			
	SFY 1 7/23-6/24	**SFY 2 7/24-6/25**	**SFY 3 7/25-6/26**
Laboratory	95,030	127,943	162,294
Therapy			
Physical Therapy	3,453	4,649	5,897
Speech Therapy	1,205	1,623	2,059
Occupational Therapy	674	908	1,151
Respiratory Therapy	17,403	23,431	29,722
CT Scanner			
# of Units	1	1	1
# of Scans	6,256	8,423	10,684
# of HECT Units	9,695	13,053	16,557
MRI Scanner			
# of Units	1	1	1
# of Procedures	1,507	2,029	2,574
# of Weighted Procedures	1,967	2,648	3,360
Fixed X-ray (including fluoroscopy)			
# of Units	2	2	2
# of Procedures	11,667	15,707	19,924
Ultrasound			
# of Units	6	6	6
# of Procedures	3,670	4,942	6,268
Nuclear Medicine			
# of Units	1	1	1
# of Procedures	1,100	1,481	1,879
Other Equipment (Echo/EEG)			
# of Units	1	1	1
# of Procedures	1,049	1,412	1,791
Emergency Department			
# of Treatment Rooms/Beds	16	16	16
# of Visits	12,487	20,075	24,282

CRMC-B Projected Utilization – GI Endoscopy Procedures & Surgical Services			
	SFY 1 7/23-6/24	SFY 2 7/24-6/25	SFY 3 7/25-6/26
GI Endoscopy Rooms			
# of Rooms	1	1	1
# of Inpatient Procedures	153	206	262
# of Outpatient Procedures	709	954	1,210
Total # of Procedures	862	1,161	1,472
# of Procedures/Room (1)	0.6	0.8	1.0
Operating Rooms			
Dedicated C-Section ORs	1	1	1
Shared ORs	2	2	2
Total # of ORs	3	3	3
Excluded # of ORs	1	1	1
Total # of ORs – Planning Inventory	2	2	2
Surgical Cases			
# of C-Sections in Dedicated OR	78	105	133
# of Inpatient Cases (2)	300	404	512
# of Outpatient Cases	981	1,321	1,676
Total # Surgical Cases (2)	1,281	1,725	2,188
Case Times			
Inpatient (3)	112.5	112.5	112.5
Outpatient (3)	71.7	71.7	71.7
Surgical Hours			
Inpatient (4)	562	757	960
Outpatient (5)	1,173	1,579	2,002
Total Surgical Hours	1,735	2,336	2,963
# of ORs Needed			
Group Assignment (6)	4	4	4
Standard Hours per OR per Year (7)	1,500	1,500	1,500
ORs Needed (total hours / 1,500)	1.2	1.6	2.0

(1) Number of Procedures / 1,500 procedures per room
(2) Excluding C-Sections performed in a dedicated C-Section OR
(3) From Section C, Question 9(c)
(4) [Inpatient Cases (exclude C-Sections performed in dedicated C-Section ORs) x Inpatient Case Time in minutes] / 60 minutes
(5) (Outpatient Cases x Outpatient Case Time in minutes) / 60 minutes
(6) From Section C, Question 9(a)
(7) From Section C, Question 9(b)

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

Projected Acute Care Bed Utilization

- The applicant obtained historical and projected population for its defined area of patient origin from ESRI, calculated Compound Annual Growth Rates (CAGR) for population growth by ZIP code, and projected population growth through the end of the third full fiscal year. The applicant also calculated the discharge use rate per 1,000 people by dividing its historical discharges (obtained from Truven) by the historical population and dividing

again by 1,000. The applicant adjusted projected use rates based on its own historical trends, projected future market changes, and external data (The Advisory Board).

- The applicant obtained the historical market discharges from Truven for its area of patient origin, reviewed data from The Advisory Board about projected growth rates in market discharges, calculated CAGRs for each ZIP code based on the historical data and projections and adjusted projected market discharges for qualitative factors such as historical use rate increases.

- The applicant obtained CRMC's historical market share for discharges from Truven for its area of patient origin and projected its combined market share for CRMC and CRMC-B through the third full fiscal year following project completion, adjusting the projected market share for qualitative factors such as projected population growth and planned market growth. The applicant then obtained combined projected discharges for CRMC and CRMC-B by multiplying its combined projected market share by the projected market discharges calculated previously.

- The applicant calculated CRMC-B's projected market share by considering drive times and market shares for other hospitals similar in size, population, and location. The applicant then projected patient shifts from CRMC to CRMC-B based on proximity of ZIP code to CRMC and CRMC-B.

- The applicant multiplied CRMC-B's projected market share by the combined projected discharges for CRMC and CRMC-B to obtain CRMC-B's projected discharges through the third full fiscal year of operation following project completion. The applicant assumed the projected discharges remaining after subtracting CRMC-B's projected discharges would become CRMC's projected discharges.

- The applicant calculated projected discharges for patients outside of its projected area of patient origin by using historical ratios of patient discharges from outside its projected area of patient origin to patient discharges from its projected area of patient origin. For CRMC-B, the applicant assumed an average length of stay (ALOS) of 3.5 days based on data from other similarly situated hospitals. For CRMC, the applicant assumed an ALOS of 4.6 days based on historical data, which increased over the interim and first three full fiscal years following project completion to an ALOS of 5.0 days.

In Section Q, page 154, the applicant provides the following data summarizing projected utilization of acute care beds at CRMC and CRMC-B during the first three full fiscal years following project completion, as shown in the tables below.

CRMC – Projected Acute Care Bed Utilization			
	SFY 1	**SFY 2**	**SFY 3**
Area of Patient Origin Discharges	20,992	21,860	22,663
In-migration	230	240	248
Total Discharges	21,222	22,100	22,911
Average Length of Stay	4.9	5.0	5.0
Total Patient Days	104,722	110,092	115,241
Days in Year	366	365	365
Average Daily Census	287	302	316
Licensed Beds	351	351	351
Occupancy %	**81.7%**	**85.9%**	**90.0%**

CRMC-B – Projected Acute Care Bed Utilization			
	SFY 1	**SFY 2**	**SFY 3**
Area of Patient Origin Discharges	2,252	3,033	3,847
In-migration	25	33	42
Total Discharges	2,277	3,066	3,889
Average Length of Stay	3.5	3.5	3.5
Total Patient Days	7,970	10,730	13,611
Days in Year	366	365	365
Average Daily Census	22	29	37
Licensed Beds	54	54	54
Occupancy %	**40.7%**	**53.7%**	**68.5%**

CaroMont Health System Summary – The following table illustrates projected utilization for acute care beds at all CaroMont facilities in Gaston County.

CaroMont Projected Total Acute Care Bed Utilization			
	SFY 1 7/1/23-6/30/24	**SFY 2 7/1/24-6/30/25**	**SFY 3 7/1/25-6/30/26**
CRMC	104,722	110,092	115,241
CRMC-B	7,970	10,730	13,611
Projected Total Acute Care Bed Days	112,692	120,822	128,852
Average Daily Census (ADC)	308	331	353
Total # of Beds	405	405	405
Occupancy %	76.0%	81.7%	87.2%

As shown in the table above, in the third operating year following completion of the project, the applicant projects that the average occupancy rate for all acute care beds owned by the applicant in Gaston County will be 87.2 percent. This exceeds the standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to project an occupancy rate of at least 75.2 percent for health systems with a combined ADC of greater than 200.

Projected Operating Room Utilization

The applicant calculated historical ratios of inpatient and outpatient surgical cases and C-Sections to acute care discharges from CRMC. The applicant states it used a subset of historical

surgical cases and acute care discharges because CRMC-B will not provide all the same services as CRMC. The historical ratios were then applied to the projected acute care discharges for CRMC-B. The table below summarizes the results.

CRMC-B Projected Surgical Cases				
	Historical*	SFY 1	SFY 2	SFY 3
Total Acute Care Discharges	13,942	2,277	3,066	3,889
Inpatient Surgical Cases	1,834	300	404	512
Inpatient Surgical Case Ratio	0.1315	0.1315	0.1315	0.1315
Outpatient Surgical Cases	6,001	981	1,321	1,676
Outpatient Surgical Case Ratio	0.4304	0.4304	0.4304	0.4304
C-Section Cases	477	78	105	133
C-Section Case Ratio	0.0342	0.0342	0.0342	0.0342

*This is a subset of the historical cases from CRMC based on services to be provided at CRMC-B.

Projected Emergency Department (ED) Utilization

- The applicant obtained historical and projected population for its defined area of patient origin from ESRI, calculated Compound Annual Growth Rates (CAGR) for population growth by ZIP code, and projected population growth through the end of the third full fiscal year following project completion. The applicant also calculated the ED visit use rate per 1,000 people by dividing historical ED visits (obtained from Truven) by the historical population and dividing again by 1,000. The applicant adjusted projected use rates based on its own historical trends, projected future market changes, and external data (The Advisory Board). The applicant then projected ED visits for its defined area of patient origin by multiplying the population projections by the use rate projections.

- The applicant obtained CRMC's and CRMC-MH-ED's combined historical market share for ED visits from Truven for its area of patient origin and allocated the combined historical market share between CRMC and CRMC-MH-ED based on internal data.

- The applicant projected market share for CRMC through the third full fiscal year following project completion, adjusting the projected market share for qualitative factors such as projected shifts of patients from CRMC to CRMC-B and future increases in use rates due to additional capacity at CRMC resulting from the shift in patients from CRMC to CRMC-B. The applicant calculated projected CRMC ED visits by multiplying the projected CRMC market share by the projected market ED visits. The applicant calculated projected ED visits at CRMC for patients outside of its projected area of patient origin by using historical ratios of CRMC patient ED visits from outside its projected area of patient origin to CRMC patient ED visits from its projected area of patient origin.

- The applicant projected market share for CRMC-MH-ED through the third full fiscal year following project completion, adjusting the projected market share for qualitative factors such as projected shifts of patients from CRMC-MH-ED to CRMC-B and future increases in use rates due to additional capacity at CRMC-MH-ED resulting from the shift in patients from CRMC-MH-ED to CRMC-B. The applicant calculated projected CRMC-MH-ED ED

visits by multiplying the projected CRMC-MH-ED market share by the projected market ED visits. The applicant calculated projected ED visits at CRMC-MH-ED for patients outside of its projected area of patient origin by using historical ratios of CRMC-MH-ED patient ED visits from outside its projected area of patient origin to CRMC-MH-ED patient ED visits from its projected area of patient origin.

- The applicant calculated CRMC-B's projected market share by shifting patients from CRMC and CRMC-MH-ED as described previously and increasing annual market share growth during the first three full fiscal years following project completion due to having a new and accessible location for ED services. The applicant calculated projected ED visits at CRMC-B for patients outside of its projected area of patient origin by using historical ratios of CRMC-MH-ED patient ED visits from outside its projected area of patient origin to CRMC-MH-ED patient ED visits from its projected area of patient origin.

- The applicant states it used *Emergency Department Design, A Practical Guide to Planning for the Future* by John Huddy, AIA, to calculate an average benchmark of 1,600 visits per ED bed at CRMC-B based on the total number of ED beds at CRMC-B.

In Section Q, the applicant provides the following data summarizing projected ED visits at CRMC-B during its first three full fiscal years following project completion, as shown in the table below.

CRMC-B – Projected ED Visits			
	SFY 1	**SFY 2**	**SFY 3**
Area of Patient Origin ED Visits	11,620	18,681	22,596
In-migration	867	1,394	1,686
Total ED Visits	12,487	20,075	24,282
# of Treatment Rooms/Beds	16	16	16
Visits per Treatment Room/Bed	780	1,255	1,518
Benchmark Visits per Bed	1,600	1,600	1,600
Occupancy %	**48.8%**	**78.4%**	**94.9%**

Projected Utilization for All Other Service Components

To project utilization for all other service components at CRMC-B, the applicant calculated historical ratios for each service component to inpatient cases and to outpatient cases at CRMC. To calculate these ratios, the applicant first created a model of CRMC-B patients by excluding lines of service that would not be offered at CRMC-B, relying only on Gaston County patients, and excluding patients with inpatient stays of greater than 10 days, which the applicant states increases the accuracy of the ratio calculations and excludes outliers. The applicant then calculated the ratio of service component use to inpatient discharges and the ratio of outpatient service component volume to inpatient service component volume by using CY 2018 data. The applicant then calculated projected service component use by applying the calculated ratios to the previously projected acute care bed discharges.

The table below summarizes the historical inpatient discharge ratio and the ratio of inpatient service component use to outpatient service component use and the projections for all other

service component use at CRMC-B during the first three full fiscal years following project completion.

CRMC-B Projected Service Component Use				
	Discharge/IP-OP Ratios	**SFY 1**	**SFY 2**	**SFY 3**
Acute Care Discharges		**2,277**	**3,066**	**3,889**
Laboratory				
Inpatient	23.14	52,681	70,927	89,970
Outpatient	0.80	42,349	57,016	72,325
Total		**95,030**	**127,943**	**162,294**
Physical Therapy				
Inpatient	1.38	3,135	4,221	5,354
Outpatient	0.10	318	428	543
Total		**3,453**	**4,649**	**5,897**
Speech Therapy				
Inpatient	0.44	1,013	1,364	1,730
Outpatient	0.19	192	259	329
Total		**1,205**	**1,623**	**2,059**
Occupational Therapy				
Inpatient	0.27	625	841	1,067
Outpatient	0.08	49	66	84
Total		**674**	**908**	**1,151**
Respiratory Therapy				
Inpatient	6.34	14,441	19,442	24,663
Outpatient	0.21	2,962	3,988	5,059
Total		**17,403**	**23,431**	**29,722**
CT – Total Scans				
Inpatient	0.67	1,518	2,044	2,593
Outpatient	3.12	4,738	6,379	8,091
Total		**6,256**	**8,423**	**10,684**
MRI Procedures				
Inpatient	0.13	290	390	495
Outpatient	4.20	1,217	1,639	2,079
Total		**1,507**	**2,029**	**2,574**
X-Ray				
Inpatient	1.19	2,703	3,639	4,615
Outpatient	3.32	8,964	12,069	15,309
Total		**11,667**	**15,707**	**19,924**
Ultrasound				
Inpatient	0.33	747	1,005	1,275
Outpatient	3.92	2,924	3,937	4,993
Total		**3,670**	**4,942**	**6,268**
Nuclear Medicine				
Inpatient	0.12	284	382	485
Outpatient	2.88	817	1,099	1,395
Total		**1,100**	**1,481**	**1,879**
Echo/EEG				
Inpatient	0.31	704	948	1,202
Outpatient	0.49	345	464	589
Total		**1,049**	**1,412**	**1,791**
GI Endoscopy Rooms				
Inpatient	0.07	153	206	262
Outpatient	4.62	709	954	1,210
Total		**862**	**1,161**	**1,472**

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

- The applicant operates the only hospital in Gaston County. Based on the applicant's historical utilization and growth, the 2019 SMFP shows a need for 33 additional acute care beds in Gaston County. This need determination was driven entirely by historical utilization at the applicant's existing facility.

- In addition to the need determination for 33 additional acute care beds in the 2019 SMFP, there is a need determination in the 2020 SMFP for an additional 64 acute care beds in Gaston County, which is also driven entirely by historical utilization at the applicant's existing facility.

- While not applicable to this review, the 2020 SMFP acute care bed methodology found in Chapter 5 of the 2020 SMFP, which includes a population growth factor based on five years of historical data, projects CRMC will have 128,762 days of care in CY 2022; the applicant uses more conservative projections in this application than the SMFP methodology used to generate need determinations.

- The applicant uses population, market share, and inpatient discharge rates supported by historical data and external industry sources.

- The applicant does not project to add any new ORs to the service area.

- The applicant uses the applicable OR group, minutes per case, and standard hours per OR for OR utilization projections.

- In addition to the projected utilization, the applicant provides reasonable and adequately supported reasons to justify the need for two shared ORs and a dedicated C-Section OR at CRMC-B.

- The applicant utilizes historical data to project future utilization of other service components it projects to offer.

- The applicant adjusts its historical data to account for the types of services it projects to offer at CRMC-B as well as to account for a lower level of acuity for patients projected to be served at CRMC-B.

Access

In Section C, page 83, the applicant states:

> *"CaroMont Health makes hospital services accessible to indigent patients without regard to ability to pay. All CaroMont Health facilities and physicians provide services to all residents regardless of race/ethnicity, sex, physical or mental ability, age, and/or source of payment. …*

Services will be available at CRMC-Belmont to patients regardless of their race/ethnicity, sex, gender, sexual orientation, language, culture, national origin, source of payment, age, religious preference or disabilities."

In Section L, page 130, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

CRMC-B Projected Payor Mix – SFY 3 (July 1, 2025 – June 30, 2026)	
Payor Category	**Entire Facility as Percent of Total**
Medicare*	42.8%
Medicaid*	15.8%
Insurance*	30.3%
Self-Pay	8.9%
Champus	1.6%
Workers' Compensation	0.7%
Total	**100.0%**

*Including any managed care plans.

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 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.

- 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

The applicant proposes to develop a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR, and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

In Section D, page 92, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced, eliminated, or relocated will be adequately met following completion of the project. The applicant states:

> *"The 21 acute care beds to be relocated from CRMC are currently located in the Birth Center and are not currently staffed. The relocation of these beds will have no impact on the provision of care at CRMC. The GI endoscopy procedure room and dedicated C-Section operating room to be relocated from CRMC, as well as the operating rooms to be relocated from CaroMont Specialty Surgery are not required at their current locations to continue provided* [sic] *access to services at either CRMC or CaroMont Specialty Surgery.*
>
> *As a result, the remaining number of licensed beds and GI endoscopy procedure rooms at CRMC and operating rooms at CaroMont Specialty Surgery will be sufficient to accommodate projected volumes."*

On Form D in Section Q, and in supplemental information, the applicant provides projected utilization for the remaining general acute care beds, ORs, and GI endoscopy rooms at CRMC and the remaining ORs at CSS. The discussion regarding utilization of CRMC's acute care beds found in Criterion (3) is incorporated herein by reference.

In Section D, page 96, the applicant states:

> *"The reduction of acute care beds and operating rooms at CRMC will have no effect on the identified patient categories. Each of the healthcare services relocated to CRMC-Belmont has excess capacity at CRMC. Table 5B in the Proposed 2020 SMFP indicates a need determination for an additional 64 acute care beds in Gaston County. Finally, Table 6B in the 2019 SMFP indicates that Gaston County has a surplus of 11.2 operating rooms; all operating rooms in Gaston County are operated by CaroMont Health."*

As of the date of these findings, the 2020 SMFP shows a surplus of 4.59 ORs at CSS and a surplus of 6.11 ORs at CRMC. Therefore, based on publicly available data, after the completion of the proposed project CRMC and CSS would have a sufficient number of ORs to meet the needs of the population presently served.

In Section D, page 96, the applicant states:

> *"Services will continue to be available at CRMC to patients regardless of their race/ethnicity, sex, gender, sexual orientation, language, culture, national origin, source of payment, age, religious preference or disabilities."*

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 applicant adequately demonstrates that:

- The needs of the population currently using the services to be reduced, eliminated, or relocated will be adequately met following project completion.

- The project will not adversely impact the ability of underserved groups to access these services following project completion.

(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 to develop a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

In Section E, pages 98-99, the applicant describes the alternatives 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 that, due to the current utilization at CRMC and the projected utilization growth, maintaining the status quo would lead to a utilization rate of almost 95 percent in 2026; therefore, this is not an effective alternative.

- Expand CaroMont Regional Medical Center: the applicant states it plans to expand CRMC at a future point if the 64 acute care bed need determination in the Draft 2020

SMFP is approved and has announced plans to develop a critical care tower at CRMC but is still in the planning stages of that project; therefore, this is not an effective alternative.

- Develop a New Hospital at a Different Location: the applicant states it studied multiple sites in Gaston County based on factors such as population, utilization, patient origin, and drive times and ultimately determined the proposed location was the most effective to serve the population projected to be served; therefore, this is not an effective alternative.

On page 98, the applicant states developing the 33 acute care beds at the proposed location along with 21 relocated beds from CRMC is the most effective alternative because it allows for development of a hospital without immediate need for future expansion and which is located in the most effective place to serve the population projected to be served.

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
- 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. **Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall materially comply with all representations made in the application and any supplemental responses. In the event that representations conflict, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall materially comply with the last made representation.**

2. **Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc., shall develop CaroMont Regional Medical Center – Belmont, a new, separately licensed 54-bed acute care hospital by developing no more than 33 new acute care beds pursuant to the need determination in the 2019 State Medical Facilities Plan, relocating no more than 21 acute care beds, no more than one dedicated C-Section operating room, and no more than one gastrointestinal endoscopy room from CaroMont Regional Medical**

Center, and relocating no more than two operating rooms from CaroMont Specialty Surgery. In a change of scope for Project I.D. #F-10354-14, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall also relocate one ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CaroMont Regional Medical Center – Belmont.

3. **Upon completion of the project, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall take the necessary steps to delicense 21 acute care beds, one dedicated C-Section operating room, and one gastrointestinal endoscopy room at CaroMont Regional Medical Center, which shall be licensed for no more than 351 acute care beds, no more than 21 operating rooms, and no more than five gastrointestinal endoscopy rooms.**

4. **Upon completion of the project, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall take the necessary steps to delicense two operating rooms at CaroMont Specialty Surgery, which shall be licensed for no more than four operating rooms.**

5. **Upon issuance of the certificate of need for this project, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. shall relinquish the certificate of need for Project I.D. #F-10354-14 to the Agency.**

6. **Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. 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.**

7. **Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. 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.**

8. **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, Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. 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.**

9. Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. 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 a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR, and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

Capital and Working Capital Costs

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

Site Preparation Costs	$14,167,400
Construction Costs	$122,617,600
Landscaping	$500,000
Architect/Engineering Fees	$9,809,408
Medical Equipment	$32,851,649
Non-Medical Equipment	$2,000,468
Furniture	$4,000,000
Consultant Fees	$100,000
Other (Information Systems/Security)	$9,749,250
Total	**$195,795,775**

The applicant provides its assumptions and methodology for projecting capital cost, along with supporting documentation, in Exhibit F.1.

In Section F, page 103, the applicant projects that start-up costs will be $4,257,802 and initial operating expenses will be $2,200,000 for a total working capital of $6,457,802. On page 103, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

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

Availability of Funds

In Section F, pages 101 and 104, the applicant states the capital cost and working capital cost of the proposed project, respectively, will be funded with the accumulated reserves and cash and cash equivalents of CaroMont Health, Inc.

In Exhibit F.2, the applicant provides a letter dated August 6, 2019 from the CFO for CaroMont Health, Inc., stating CaroMont Health, Inc. will commit $200 million of its accumulated reserves to develop the proposed project and will commit $6.5 million of its cash and cash equivalents to working capital expenses.

Exhibit F.2 also contains a copy of the audited combined financial statements for CaroMont Health, Inc., and Affiliates for the years ending June 30, 2018 and 2017. According to the combined financial statements, as of June 30, 2018, CaroMont Health, Inc. had adequate cash and assets to fund the capital and working capital needs of the proposed project. The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.

Financial Feasibility

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

Projected Revenues and Operating Expenses			
CRMC-B	**1st SFY 7/1/23-6/30/24**	**2nd SFY 7/1/24-6/30/25**	**3rd SFY 7/1/25-6/30/26**
Total Patient Days of Care*	7,970	10,730	13,611
Total Gross Patient Services Revenues	$161,957,645	$228,947,911	$304,938,940
Total Adjustments to Revenue**	$124,793,448	$178,019,798	$239,007,182
Total Net Patient Revenue	$37,164,197	$50,928,113	$65,931,758
Other Revenue	$76,366	$80,184	$84,193
Total Net Revenue	$37,240,563	$51,008,297	$66,015,951
Average Net Revenue per Patient Day	$4,673	$4,754	$4,850
Total Operating Expenses (Costs)	$42,286,156	$51,261,080	$60,136,671
Average Operating Expense per Patient Day	$5,306	$4,777	$4,418
Net Income	($5,045,593)	($252,784)	$5,879,279

*Other services contributing to the total revenue and expenses for CRMC-B are as follows:

	1st SFY	**2nd SFY**	**3rd SFY**
Total Surgical Cases (IP/OP/Endo)	2,221	2,991	3,793
Total ED Visits	12,487	20,075	24,282
Total Imaging Procedures	23,100	31,101	39,450
Total Therapy/Lab/Other Services	119,914	161,447	204,793

**Includes charity care and bad debt.

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
- 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 following reasons:

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

- The applicant adequately demonstrates availability of sufficient funds for the capital and working 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 to develop a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR, and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

The 2019 SMFP defines the service area for acute care bed services and ORs as the planning area in which the acute care beds and ORs are located. The 2019 SMFP does not define the service area for GI endoscopy rooms; however, the Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), states that the service area is defined by the applicant. Thus, the service area for the acute care beds and ORs is Gaston County, and the service area for the GI endoscopy rooms is 42 ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. Facilities may also serve residents of counties not included in their service area.

In supplemental information, the applicant defined its area of patient origin as selected ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. The applicant grouped these ZIP codes into regions, which are listed in the table below.

CRMC-B Projected Area of Patient Origin		
Region	**Counties**	**ZIP Codes**
East	Gaston, Mecklenburg	28012, 28032, 28120, 28164, 28214, 28216, and 28278
South	York (SC)	28710, 29703, and 29745
NorthEast	Gaston, Catawba, Lincoln	28006 and 28037
Central & West	Gaston, Catawba, Cleveland, Lincoln, Rutherford	28016, 28017, 28020, 28021, 28033, 28034, 28038, 28042, 28052-28056, 28073, 28077, 28080, 28086, 28089, 28090, 28092, 28093, 28098, 28101, 28114, 28136, 28150-28152, 28168, and 28169

The applicant is the only provider of acute care beds and ORs in Gaston County. According to the 2019 SMFP, there are 10 licensed GI endoscopy rooms in Gaston County; the applicant owns or is affiliated with eight of the 10, and the other two are part of Greater Gaston Endoscopy Center.

In Section G, page 109, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed, OR, and GI endoscopy services in the defined service area. The applicant states:

> *"The project only proposes to increase the county's inventory of acute care beds. All other services including operating room, GI endoscopy rooms, and imaging equipment will be relocated and will not increase the county's inventory of those services."*

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

- There is a need determination in the 2019 SMFP for the proposed 33 new acute care beds.

- The proposal would not result in an increase in ORs, GI endoscopy rooms, or fixed MRI scanners; it would simply relocate existing acute care beds, ORs, a GI endoscopy room, and a fixed MRI scanner within the same service area.

- The applicant adequately demonstrates that the new 33 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
- 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.

(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

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

CRMC-B Projected Staffing – SFYs 1-3			
Position	**Projected FTE Positions**		
	SFY 1 (7/23-6/24)	**SFY 2 (7/24-6/25)**	**SFY 1 (7/25-6/26)**
Registered Nurses	74.3	91.5	105.7
Licensed Practical Nurses	0.2	0.2	0.3
Surgical Technicians	3.6	4.5	5.3
Aides/Orderlies/Attendants	44.8	55.8	65.0
Clerical Staff	6.4	6.4	6.4
Laboratory Technicians	10.5	13.0	15.1
Radiology Technologists	13.6	16.9	19.6
Pharmacists	4.4	5.5	6.4
Pharmacy Technicians	3.6	4.5	5.3
Physical Therapists	0.9	1.3	1.5
Physical Therapy Assistants	0.6	0.8	0.9
Physical Therapy Aides	0.2	0.2	0.3
Speech Therapists	0.5	0.7	0.8
Occupational Therapists	0.5	0.7	0.8
Occupational Therapy Assistants	0.2	0.2	0.3
Respiratory Therapists	4.8	6.1	7.1
Dieticians	1.6	2.0	2.3
Cooks	3.5	3.5	3.5
Dietary Aides	6.1	7.6	8.8
Social Workers	1.0	1.0	1.0
Medical Records	7.2	8.8	10.2
Administrators	2.5	2.5	2.5
Business Office	17.8	22.2	25.9
Business Office Manager	1.9	1.9	1.9
Technicians	15.6	16.3	16.9
Sterile Supply Technicians	1.9	2.4	2.8
Endoscopy Technicians	0.9	1.3	1.5
Discharge Planning Staff	3.4	4.3	4.9
Total Staffing	**232.2**	**281.9**	**323.1**

The assumptions and methodology used to project staffing are provided on Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 111-112, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. The applicant provides supporting documentation

in Exhibit H.3 In Section I, page 117, the applicant identifies the proposed chief of staff. In Exhibit I.3, the applicant provides a letter from the proposed chief of staff indicating an interest in serving as chief of staff for the proposed services. On page 117, the applicant states:

> *"The proposed medical directors for the service components of CRMC-Belmont have not yet been identified. However, a physician-led CRMC-Belmont Physician Advisory Council has been established and is actively engaged in the planning for CRMC-Belmont."*

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

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.

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

C

In Section I, page 114, the applicant states that the list below is a brief summary of the ancillary and support services 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 114, the applicant adequately explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit I.1.

In Section I, pages 115-118, the applicant explains that while CRMC-B is a new facility, it is a subsidiary of CaroMont Health and can rely on established CaroMont Health relationships. The applicant describes the existing and proposed relationships CaroMont Health has with other local health care and social service providers and provides supporting documentation in Exhibits I.2 and I.3.

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

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.

(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 Section K, page 121, the applicant states that the project involves constructing 222,040 square feet of new space for a hospital and 15,000 square feet of new space for a central energy plant. Line drawings are provided in Exhibit K.1.

On page 122, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal. The applicant states it considered multiple alternatives for developing the proposed project, as described in Section E, pages 98-99, before determining this alternative to be the most reasonable alternative.

On page 122, 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 and provides supporting documentation in Exhibit F.1.

In Section B, page 34, and Section K, page 122, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibits B.11 and K.3.

On pages 123-124, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. The applicant provides supporting documentation in Exhibit K.4.

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.

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

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

C

The applicant proposes, in part, to relocate 21 acute care beds, a dedicated C-Section OR, a GI endoscopy room, and other services from CRMC to CRMC-B. The applicant also proposes to relocate two ORs from CSS to CRMC-B. In Section L, page 128, the applicant provides the historical payor mix during CY 2018 for the proposed services being relocated from existing facilities, as shown in the table below.

CRMC and CSS Historical Payor Mix – CY 2018			
Payor Category	**CRMC – Inpatient**	**CRMC – Outpatient**	**CSS**
Medicare*	59.6%	43.8%	60.0%
Medicaid*	14.9%	12.3%	9.7%
Insurance*	17.5%	33.0%	26.1%
Self-Pay	5.9%	8.0%	1.2%
Champus	1.8%	1.9%	2.6%
Workers' Compensation	0.2%	1.0%	0.5%
Other	0.1%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**

*Including any managed care plans.

In Section L, pages 126-127, the applicant provides the following comparison.

	Percentage of Total Patients Served by CRMC During the Last Full Fiscal Year	Percentage of Total Patients Served by CSS During the Last Full Fiscal Year	Percentage of the Population of Gaston County
Female	60.8%	59.0%	51.8%
Male	39.2%	41.0%	48.2%
Unknown	0.0%	0.0%	0.0%
64 and Younger	66.4%	49.4%	83.9%
65 and Older	33.6%	50.6%	16.1%
American Indian	0.2%	0.2%	0.6%
Asian	0.4%	0.7%	1.6%
Black or African-American	19.5%	11.6%	17.6%
Native Hawaiian or Pacific Islander	0.0%	0.0%	0.1%
White or Caucasian	75.3%	83.9%	78.0%
Other Race	4.5%	3.5%	2.1%
Declined / Unavailable	0.1%	0.1%	0.0%

Source: CRMC/CSS Internal Data; US Census Bureau

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 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 129, the applicant states:

> *"CaroMont Health fulfilled its Hill-Burton obligation and does not have any related obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and the handicapped. …, [CaroMont Health and CRMC] provide and will continue to provide charity care pursuant to their obligations as a tax-*

exempt entity to provide community benefit to promote the health of members of the community."

In Section L, page 129, 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.

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.

(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 130, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

CRMC-B Projected Payor Mix – SFY 3 (July 1, 2025 – June 30, 2026)	
Payor Category	**Entire Facility as Percent of Total**
Medicare*	42.8%
Medicaid*	15.8%
Insurance*	30.3%
Self-Pay	8.9%
Champus	1.6%
Workers' Compensation	0.7%
Total	**100.0%**

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 8.9 percent of total services will be provided to self-pay patients, 42.8 percent to Medicare patients, and 15.8 percent to Medicaid patients.

On page 130, the applicant states:

"In FY2018, CaroMont Health provided $61.2 million in charity care and wrote-off $57.5 million in unpaid patient accounts."

On page 131 and in supplemental information, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons:

- The applicant relies on historical data to project future payor mix.

- The applicant accounts for the difference in payor mix populations based on the location of the proposed facility.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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.

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

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.

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

C

In Section M, pages 133-134, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1.

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 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 to develop a new, separately licensed 54-bed acute care hospital by developing the 33 acute care beds from the 2019 SMFP need determination for Gaston County, relocating 21 acute care beds, a dedicated C-Section OR, and a GI endoscopy room from CRMC, and two ORs from CSS. Additionally, in a change of scope for Project I.D. #F-10354-14, the applicant will relocate an ultrasound unit and replace and relocate a CT scanner, an MRI scanner, and two RF systems to CRMC-B instead of to CaroMont Imaging Services – Gaston Day.

The 2019 SMFP defines the service area for acute care bed services and ORs as the planning area in which the acute care beds and ORs are located. The 2019 SMFP does not define the

service area for GI endoscopy rooms; however, the Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), states that the service area is defined by the applicant. Thus, the service area for the acute care beds and ORs is Gaston County, and the service area for the GI endoscopy rooms is 42 ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. Facilities may also serve residents of counties not included in their service area.

In supplemental information, the applicant defined its area of patient origin as selected ZIP codes in Gaston, Catawba, Cleveland, Lincoln, Mecklenburg, and Rutherford counties in North Carolina and York County in South Carolina. The applicant grouped these ZIP codes into regions, which are listed in the table below.

CRMC-B Projected Area of Patient Origin		
Region	**Counties**	**ZIP Codes**
East	Gaston, Mecklenburg	28012, 28032, 28120, 28164, 28214, 28216, and 28278
South	York (SC)	28710, 29703, and 29745
NorthEast	Gaston, Catawba, Lincoln	28006 and 28037
Central & West	Gaston, Catawba, Cleveland, Lincoln, Rutherford	28016, 28017, 28020, 28021, 28033, 28034, 28038, 28042, 28052-28056, 28073, 28077, 28080, 28086, 28089, 28090, 28092, 28093, 28098, 28101, 28114, 28136, 28150-28152, 28168, and 28169

The applicant is the only provider of acute care beds and ORs in Gaston County. According to the 2019 SMFP, there are 10 licensed GI endoscopy rooms in Gaston County; the applicant owns or is affiliated with eight of the 10, and the other two are part of Greater Gaston Endoscopy Center.

In Section N, pages 137-138, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality, and access to the proposed services. On pages 137-138, the applicant states the proposal will have a positive impact on competition and on cost-effectiveness because it will increase utilization of acute care beds and other services at CRMC and CRMC-B, creating economies of scale; the proposal will promote quality because of CRMC's historical quality record and commitment to safety and quality; and the proposal will promote access by medically underserved groups due to the expansion of scope and location of services.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F, K, N, and Q of the application and any exhibits).

- Quality services will be provided (see Sections B, N, and O of the application and any exhibits).

- Access will be provided to underserved groups (see Sections C, L, and N of the application and any exhibits).

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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.

(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

On Form A in Section Q, the applicant identifies facilities located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified CRMC, a hospital with surgical services. Additionally, the applicant owns and operates CSS, a freestanding ASF.

In Section O, page 144, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care or which resulted in a finding of immediate jeopardy at CRMC. 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, there was one incident related to quality of care which occurred at CSS; the facility is back in compliance. 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 CRMC and CSS, 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 a new hospital with 33 new acute care beds and 21 relocated acute care beds for a total of 54 acute care beds upon project completion. 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 at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding 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 61-75, 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.