

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: October 2, 2020

Findings Date: October 2, 2020

Project Analyst: Tanya M. Saporito

Team Leader: Gloria C. Hale

Project ID #: F-11912-20

Facility: CaroMont ASC-Belmont

FID #: 190282

County: Gaston

Applicants: CaroMont Partners, LLC

CaroMont Health, Inc.

Project: Develop a new ASC by relocating 2 ORs: 1 from CaroMont Regional Medical Center and 1 from CaroMont Specialty Surgery and develop 2 procedure rooms

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The applicants, CaroMont Partners, LLC (CMP) and CaroMont Health, Inc. (CMH) propose to relocate one existing operating room (OR) from the CaroMont Regional Medical Center (CRMC) campus and one existing OR from CaroMont Specialty Surgery (CSS), an ambulatory surgical facility (ASF) operated by CMH, and develop a freestanding multispecialty ASF, CaroMont ASC-Belmont, by upfitting existing space in a medical office building to be developed on the CRMC-Belmont campus. In addition, the new ASC will have two procedure rooms.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2020 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities on page 31 of the 2020 SMFP is applicable to this review.

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

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

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

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

In Section B, page 11, the applicant explains why it believes its application is conforming to Policy GEN-4. The applicant states:

“CaroMont Partners and CaroMont Health are working with experienced architects and engineers to design the ASF with the ASHRAE Advanced Energy Design Guide and will meet or exceed the North Carolina Energy Code.

...

CaroMont Health has demonstrated its commitment to energy efficiency by winning the ASHE Energy to Care Award in 2015 for Reducing Energy Intensity by 10 percent. CaroMont Health has further committed to reduce its kBtu/sf/year by 20 percent and will use EPA Energy Star for Hospitals rating system to benchmark its facilities performance.

...

Engineers will select new water saving plumbing fixtures and water conservation HVAC systems to meet or exceed the North Carolina Building Code.”

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 does not propose to develop any beds, services or equipment for which there is a need determination in the 2020 SMFP.
- The applicant does not propose to add any new ORs to the inventory of ORs in Gaston County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 as stated above.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

Patient Origin

On page 51, the 2020 SMFP states, “An operating room’s ‘service area’ is the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.” In Figure 6.1, page 57 of the 2020 SMFP, Gaston County is shown as a single-county OR service area. Thus, the service area for this application is Gaston County. Facilities may also serve residents of counties not included in the service area.

CaroMont ASC-Belmont is a proposed facility with no existing patient origin data; however, in Section C.2, page 17 the applicants provide current patient origin data for outpatient surgery at both CRMC and CSS, as shown in the tables below:

Patient Origin for Outpatient Surgical Cases, CRMC FY 2019

COUNTY	2019 FISCAL YEAR (FY) 10/01/2018 TO 9/30/2019	
	PATIENTS	% OF TOTAL
Gaston	6,088	69.4%
Cleveland	1,099	11.5%
Lincoln	446	5.1%
Mecklenburg	365	4.2%
Other State	555	6.3%
Other NC	310	3.5%
Total	8,773	100.0%

Patient Origin for Outpatient Surgical Cases, CSS FY 2019

COUNTY	2019 FISCAL YEAR (FY) 10/01/2018 TO 9/30/2019	
	PATIENTS	% OF TOTAL
Gaston	2,662	75.8%
Cleveland	330	9.4%
Lincoln	161	4.6%
Mecklenburg	111	3.1%
Other State	176	5.0%
Other NC	74	2.1%
Total	3,514	100.0%

On page 18, the applicants provide projected patient origin for the ORs and procedure rooms, as shown in the tables below:

Projected Patient Origin CaroMont ASC-Belmont ORs

COUNTY	1 ST FULL FY 10/1/22-9/30/23		2 ND FULL FY 10/1/23-9/30/24		3 RD FULL FY 10/1/24-9/30/25	
	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL
Gaston	1,229	70.2%	1,467	70.2%	1,723	70.2%
Cleveland	196	11.2%	235	11.2%	276	11.2%
Lincoln	88	5.0%	105	5.0%	123	5.0%
Mecklenburg	71	4.0%	84	4.0%	99	4.0%
Other State	108	6.2%	129	6.2%	151	6.2%
Other NC	59	3.4%	70	3.4%	82	3.4%
Total	1,751	100.0%	2,090	100.0%	2,454	100.0%

Projected Patient Origin CaroMont ASC-Belmont Procedure Rooms

COUNTY	1 ST FULL FY 10/1/22-9/30/23		2 ND FULL FY 10/1/23-9/30/24		3 RD FULL FY 10/1/24-9/30/25	
	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL
Gaston	558	70.2%	737	70.2%	934	70.2%
Cleveland	89	11.2%	118	11.2%	150	11.2%
Lincoln	40	5.0%	53	5.0%	67	5.0%
Mecklenburg	32	4.0%	42	4.0%	53	4.0%
Other State	49	6.2%	65	6.2%	82	6.2%
Other NC	27	3.4%	35	3.4%	45	3.4%
Total	795	100.0%	1,050	100.0%	1,331	100.0%

In Section C, page 18, the applicants provide the assumptions and methodology used to project patient origin. The applicant assumes patient origin for the proposed ASC will be similar to existing patient origin at CRMC and CSS. The applicants’ assumptions are reasonable and adequately supported because they are based on the applicants’ experience providing the same service in the same service area.

Analysis of Need

In Section C, pages 19-32, the applicants explain why they believe the population projected to utilize the proposed services needs the proposed services, summarized as follows:

- Demographic Trends in Gaston County – the applicants state the total Gaston County population increased by 8.6% from 2010 to 2020 and is projected to increase by 6.9% from 2020 to 2030. Additionally, the population age group 65 + increased by 36.3% from 2010 to 2020 and is projected to increase by 25.4% from 2020 to 2030. The applicants state this population group is the group most likely to utilize the outpatient surgical services proposed in the application and thus support developing the ASC. The applicants also examined the sub-regions of the CaroMont Health service area and determined population growth in those specific areas is projected to increase as well.
- Economic Development Trends – the applicants examined the economic climate of Gaston County, including the latest road expansions, the Charlotte Douglas International Airport expansion, and other economic and educational developments further substantiate the need for the proposed ASC.
- Health Status Trends – the applicants state a program, The County Health Rankings & Roadmaps Program, is a program that ranks counties according to “health outcomes” and “health factors” which are designed to measure how healthy a county currently is and to determine factors that can modify how to improve the quality of life for county residents. CaroMont Health, through the development of the proposed ASC, proposes to increase access to healthcare for CaroMont Health’s service area residents and improve Gaston County’s health rankings.

- Greater Access to Local ASC Options – the applicants state that currently, Gaston County residents have only one ASC, CSS, located on the CRMC main campus in Gastonia. The applicants state the residents of the county need additional options for outpatient surgical procedures. Additionally, CSS opened in 1986 and is not designed or equipped to provide more complex surgical cases as those performed in modern ASC facilities. The proposed ASC will provide access to a state-of-the-art surgical facility and allow service area residents increased options for outpatient surgical procedures.
- Physician Support and Recruitment – the applicants state there is strong physician support for the project and identifies 27 surgeons and physicians who have demonstrated interest in obtaining privileges at the ASC when it is developed. In Exhibit C.4, the applicants provide letters of support from area surgeons for the proposed facility. In addition, CaroMont Health plans to collaborate with a national consulting firm that specializes in provider need analyses to actively recruit surgeons in the following specialties, which the applicants state are needed in the area: gynecology, orthopedics, ophthalmology, ENT and neurosurgery.
- Ambulatory Surgical Facility Industry Growth – the applicants state recent research indicates an increasing demand for ASCs; increasingly, patients prefer to have outpatient procedures performed in an ASC rather than a hospital outpatient department. ASCs have lower operating costs than hospitals; therefore, an additional ASC will offer patients a lower cost option for those procedures that are appropriate for an ASC.

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

- The applicants provide information and data to support population age trends in the proposed geographic service area showing that by 2030, 19.6% of the population will be in the 65+ age range and that the 65+ age group dominates the ambulatory surgery user profile.
- The applicants provide reasonable and adequately supported information to support the need for a new ASF in Gaston County, in order to provide outpatient surgical services for residents of the service area.
- The applicants used clearly cited and reasonable historical and demographic data to support their assumptions used to demonstrate the need for the ASC.
- The applicants cited reasonable data demonstrating the cost-effectiveness of outpatient surgery in an ASC for the specialties they propose to offer.

Projected Utilization

In Section Q, Form C the applicants project utilization for the two ORs and the procedure rooms as illustrated in the following table:

OPERATING ROOMS	1ST FULL FY FY 2023	2ND FULL FY FY 2024	3RD FULL FY FY 2024
Dedicated Ambulatory ORs	2	2	2
Outpatient Surgical Cases	1,751	2,090	2,454
Outpatient Surgical Case Time	71.2	71.2	71.2
Outpatient Surgical Hours	2,078	2,480	2,912
Group Assignment	6	6	6
Standard Hours per OR per Year	1,312	1,312	1,312
Total Surgical Hours/Standard Hours Per OR per Year	1.58	1.89	2.22
PROCEDURE ROOMS			
Number of Procedure Rooms	2	2	2
Total Number of Procedures	795	1,050	1,331

Source: Section Q, Form C.

In Section Q the applicants provide the assumptions and methodology used to project utilization, as summarized below:

Surgical Cases

Step 1: the applicants provided historical outpatient surgery utilization data for the three year period ending March 31, 2019 to VMG Health, a company that provides healthcare valuation services and transactional advice¹. VMG analyzed the data to identify patients whose procedures could have been performed in an outpatient setting and identified the providers who performed those procedures. Using that information, CaroMont Health projected the types of procedures that were capable of being performed in an ASC. CaroMont further analyzed the data compiled by VMG to identify surgical specialties to offer in the proposed ASC.

Step 2: Using the information from Step 1, the applicants calculated the historical Compound Annual Growth Rate (CAGR) for the historical utilization for the same three-year period. The applicants also calculated a 5-year and 10-year projected CAGR for the surgical specialties to be offered in the proposed ASC, based on VMG’s Advisory Board’s Outpatient Market Estimator for non-hospital-based outpatient surgeries. See the following table that illustrates the total market eligible ASC cases and the projected CAGRs:

SURGICAL SPECIALTY	HISTORICAL			HISTORICAL CAGR
	2017	2018	2019	
Anesthesiology / Pain	4,216	5,198	6,392	
Total	4,216	5,198	6,392	22.48%
ENT	1,928	2,077	1,768	
Gynecology	2,959	3,207	3,347	
Neurosurgery	987	1,293	1,350	
Orthopedics	6,261	6,359	6,141	
Total	12,135	12,936	12,606	1.92%

Source: application Section Q, assumptions following Form C, Utilization

¹ See <https://vmghealth.com/healthcare-valuation-appraisal-services/>

ADVISORY BOARD PROJECTED GROWTH RATES		
	5 YEAR CAGR (2019-2023)	10 YEAR CAGR (2019-2028)
Anesthesiology / Pain	6.78%	5.54%
Surgical Specialties	4.94%	3.86%

Source: application Section Q, assumptions following Form C, Utilization

Step 3: the applicants applied the growth rates from Step 2 to the 2019 historical volumes to project the number of market-eligible procedures and surgeries through 2025. The applicants utilized a 5.62% CAGR for procedure room procedures (anesthesiology and pain), stating that growth rate is 25% of the historical rate and is conservative. See the following table:

Projected Market Eligible ASC Cases

SPECIALTY	2019	PROJECTED						GROWTH
		2020	2021	2022	2023	2024	2025	
Anesthesiology/Pain	6,392	6,751	7,131	7,531	7,955	8,402	8,874	
Total	6,392	6,751	7,131	7,531	7,955	8,402	8,874	5.62%
ENT	1,768	1,802	1,837	1,872	1,908	1,945	1,982	1.92%
Gynecology	3,347	3,411	3,477	3,544	3,612	3,681	3,752	1.92%
Neurosurgery	1,350	1,376	1,402	1,429	1,457	1,485	1,513	1.92%
Orthopedics	6,141	6,259	6,379	6,502	6,627	6,754	6,884	1.92%
Total	12,606	12,848	13,095	13,347	13,604	13,865	14,132	

Step 4: The applicants calculated the historical market share of eligible ASC procedures and surgeries by dividing the cases from Step 1 by the total eligible cases in Step 2. The applicants converted that to a percent for each of the years 2019 through 2025. To calculate its market share of procedures, CaroMont Health states it will slowly build market share with “a new program under development at its existing ASC.” With regard to surgical market share, the applicants state they select conservative market share increases so that the market share in the last year (2025) is no more than 2.0% above its highest historical year.

CaroMont Health Historical and Projected Market Share of Eligible ASC Cases

SPECIALTY	2019	PROJECTED						ANNUAL CHANGE
		2020	2021	2022	2023	2024	2025	
Anesthesiology/Pain	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	2.5%
ENT	47.3%	47.8%	48.3%	48.8%	49.3%	49.8%	50.3%	0.5%
Gynecology	15.1%	15.6%	16.1%	16.6%	17.1%	17.6%	18.1%	0.5%
Neurosurgery	20.4%	22.4%	24.4%	26.4%	28.4%	30.4%	32.4%	2.0%
Orthopedics	41.8%	42.8%	43.8%	44.8%	45.8%	46.8%	47.8%	1.0%

Step 5: The applicants calculated the projected number of surgeries and procedures by multiplying the projected market eligible cases from Step 3 by the projected market share of eligible cases in Step 4, as illustrated in the following table:

CaroMont Health Eligible ASC Cases

SPECIALTY	2019	PROJECTED					
		2020	2021	2022	2023	2024	2025
Anesthesiology/Pain		169	357	565	795	1,050	1,331
Total		169	357	565	795	1,050	1,331
ENT	836	861	887	913	940	968	997
Gynecology	506	533	560	589	618	649	680
Neurosurgery	275	308	342	377	413	451	490
Orthopedics	2,564	2,676	2,791	2,910	3,032	3,158	3,287
Total	4,181	4,378	4,580	4,789	5,004	5,225	5,454

Step 6: The applicants state they considered physician recruitment strategies, market growth strategies for the Belmont location and specialties that would be new to the ASC to determine a “capture rate” of surgical cases. The applicants multiplied this rate by the projected cases calculated in Step 5, as shown in the following table:

	YEAR 1	YEAR 2	YEAR 3
	2023	2024	2025
Projected CaroMont Eligible ASC Cases	5,004	5,225	5,454
Belmont ASC Capture Rate	35.0%	40.0%	45.0%
Projected Belmont ASC Cases	1,751	2,090	2,454

Step 7: The applicants used the same methodology for operating rooms as is found in the State Medical Facilities Plan (SMFP) to calculate utilization for the two proposed ORs at Belmont ASC, which showed the two ORs would exceed 100% utilization by the third operating year, as shown in the following table:

Belmont ASC OR Projected Utilization

	YEAR 1	YEAR 2	YEAR 3
	2023	2024	2025
Belmont ASC OR Cases	1,751	2,090	2,454
Case Time in Minutes	71.2	71.2	71.2
Total Minutes	124,697	148,820	174,735
Total Hours	2,078	2,480	2,912
Total Standard Hours (1.312 hrs. x 2 ORs)	2,624	2,624	2,624
OR Utilization	79.2%	94.5%	111.0%

Step 8: The applicants calculate procedure room utilization by dividing the number of cases from Step 5 by the proposed number of procedure rooms. The applicants propose to capture 100% of the procedures because those procedures will shift from CSS, the existing ASC. See the following table:

Belmont ASC Procedure Room Projected Utilization

	YEAR 1	YEAR 2	YEAR 3
	2023	2024	2025
Belmont ASC Procedure Room Cases	795	1,050	1,331
Procedure Rooms	2.0	2.0	2.0
Procedures per Procedure Room	398	525	666

Step 9: CaroMont Health considered the recently approved application to develop a 54-bed acute care hospital in Belmont (the campus on which Belmont ASC will be developed) and states that even though the projections for the proposed Belmont ASC ORs are slightly higher than the projected surgical volume for the Belmont hospital campus, the growth rates are consistent. In addition, to project the shift of cases from the hospital to the Belmont ASC, the applicants considered the specialties that will be offered in the Belmont ASC and projects that 25% of eligible surgical cases would shift from CRMC Belmont (hospital) and 15% of the cases would shift from CSS.

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

- Projected surgical case growth is supported by projected population growth and adequately supported assumptions.
- Projected procedures in the proposed procedure rooms is based on adequately supported assumptions.
- The applicants considered the specialty surgical procedures to be offered at the proposed Belmont ASC and projected utilization based on those specialties.
- The applicants provide letters of support from local surgeons indicating a willingness to refer patients and seek privileges at the proposed facility.
- The applicants provide letters of support from surgeons in the specialties proposed to be offered at the ASC.

Access to Medically Underserved Groups

In Section C, page 38, the applicants state CaroMont Health makes surgical services accessible to indigent patients without regard to ability to pay, race/ethnicity, sex, physical or mental ability, age, and/or source of payment. The applicants state surgical services will be available at the proposed facility in the same manner. The applicants provide the estimated percentage for each medically underserved group projected to utilize the services proposed to be offered in the ASC, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	% OF TOTAL PATIENTS- ORS	% OF TOTAL PATIENTS- PROCEDURE ROOMS
Self-Pay Patients	1.0%	1.0%
Medicare**	29.0%	57.0%
Medicaid**	15.0%	11.0%
Insurance**	49.0%	24.0%
Other	6.0%	7.0%
Total	100.0%	100.0%

*Source: application Section L, page 77

**Includes managed care plans

The applicants adequately describe the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

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 following reasons:

- The applicants adequately identify the population to be served.
- The applicants adequately explain why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicants project the extent to which all residents, including underserved groups, will have access to the proposed services and adequately supports their 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 applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

The proposed project involves relocating two existing ORs: one from the CRMC main campus and one from CSS, also located on the main hospital campus.

In Section D, page 43, the applicants explain why they believe the needs of the population presently utilizing the services to be reduced, eliminated or relocated will be adequately met following completion of the project. On page 43, the applicants state:

“The two ORs are currently located on the CRMC main campus at 2525 Court Drive in Gastonia. This location is 7.4 miles from the CRMC-Belmont campus.

With the relocation of the two existing ORs from the CRMC main campus, patients will follow their physician to the CaroMont ASC-Belmont location in eastern Gaston

County. Furthermore, both CRMC and CSS will continue to provide outpatient services with surgeons who remain at CRMC and CSS.”

In Section Q, Form D, the applicants provide projected utilization for both CRMC and CSS, as illustrated in the following tables:

Projected Utilization Following OR Relocation – CRMC

	PRIOR FY 10/1/18 – 9/30/19	INTERIM FY 10/1/19 – 9/30/20	INTERIM FY 10/1/20 – 9/30/21	INTERIM FY 10/1/21 – 9/30/22	1 ST FULLFY 10/1/22 – 9/30/23
NUMBER / TYPE OF OPERATING ROOMS					
Open Heart	1	1	1	1	1
Dedicated C-Section	4	4	4	4	4
Shared	9	9	9	9	9
Ambulatory	8	8	8	8	7
Total # ORs	22	22	22	22	21
Excluded ORs	4	4	4	4	4
Adjusted Planning Inventory	18	18	18	18	17
Number of Surgical Cases					
# In-pt. Surgical Cases	5,011	5,111	5,213	5,318	5,424
#Outpatient Surgical Cases	8,773	8,878	8,985	9,093	8,002
Total # Surgical Cases	13,784	13,989	14,198	14,411	13,426
Case Times					
Inpatient	111.1	111.1	111.1	111.1	111.1
Outpatient	78.3	78.3	78.3	78.3	78.3
Surgical Hours					
Inpatient	9,279	9,464	9,653	9,847	10,043
Outpatient	11,449	11,586	11,725	11,866	10,443
Total Surgical Hours	20,727	21,050	21,378	21,714	20,486
Number of ORs Needed					
Group Assignment	3	3	3	3	3
Standard Hours per OR per Year	1,755	1,755	1,755	1,755	1,755
Total Surgical Hours/Std. Hours/OR/Year	11.8	12.0	12.2	12.4	11.7

Projected Utilization Following OR Relocation – SSC

	PRIOR FY 10/1/18 – 9/30/19	INTERIM FY 10/1/19 – 9/30/20	INTERIM FY 10/1/20 – 9/30/21	INTERIM FY 10/1/21 – 9/30/22	1 ST FULLFY 10/1/22 – 9/30/23
NUMBER / TYPE OF OPERATING ROOMS					
Dedicated Ambulatory ORs	6	6	6	6	5
Total # ORs	6	6	6	6	5
Excluded ORs	0	0	0	0	0
Adjusted Planning Inventory	6	6	6	6	5
Number of Surgical Cases					
#Outpatient Surgical Cases	3,514	3,567	3,620	3,675	3,555
Total # Surgical Cases	3,514	3,567	3,620	3,675	3,555
Case Times					
Outpatient	29.9	29.9	29.9	29.9	29.9
Surgical Hours					
Outpatient	1,751	1,778	1,804	1,831	1,772
Total Surgical Hours	1,751	1,778	1,804	1,831	1,772
Number of ORs Needed					
Group Assignment	5	5	5	5	5
Standard Hours per OR per Year	1,312	1,312	1,312	1,312	1,312
Total Surgical Hours/Std. Hours/OR/Year	1.4	1.4	1.4	1.4	1.4

In Section D, page 43, the applicants state the two ORs proposed to be relocated currently located on the CRMC main campus in Gastonia. The proposed location of CaroMont ASC-Belmont is approximately 7 miles away. The applicants state that some patients will follow their physician to the Belmont location, and both CRMC and CSS will continue to provide outpatient services through the surgeons who remain at CRMC and CSS.

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

- The applicants utilized historical cases from CSS and CRMC
- The applicants calculated CAGRs based on its historical utilization.
- The applicants accounted for case shift based on specialty cases and physicians.

In Section D, page 47, the applicant states:

“CaroMont Health makes surgical 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, an/or source of payment. ...

Services are available at CRMC and CSS and will be available at CaroMont ASC-Belmont 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

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

- The applicants adequately demonstrate that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion.
- The applicants adequately demonstrate that 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 applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

In Section E, pages 49-50, the applicants describe the alternatives they considered and explain why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo – The applicants state they received a certificate of need in February 2020 to develop a new 54-bed acute care hospital in Belmont. The applicants state the ASC proposed in this application will be on the same campus as the new hospital and will be better positioned to offer cost-effective outpatient surgical services to its patients.
- Utilize the Existing CaroMont Specialty Surgery Center – CRMC currently operates an existing ASC on the main hospital campus in Gastonia that is older; therefore, the ORs are not sized properly to accommodate some of the more complex procedures proposed to be offered at CaroMont ASC-Belmont.
- Develop a Single-Specialty ASC – The applicants considered developing a single-specialty ASC rather than a multi-specialty ASC but determined that it would not be economically feasible.
- Develop an ASC with fewer ORs and Procedure Rooms – The applicants evaluated developing both a smaller and a larger facility, but determined that one OR would not meet projected demand. After considering developing one procedure room

rather than two, the applicants determined that would negatively impact the ability for cost-effective future growth of the facility.

The applicants adequately demonstrate 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 applicants provide credible information to explain why they believe 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. CaroMont Partners, LLC and CaroMont Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop a freestanding multispecialty ambulatory surgical facility on the CRMC-Belmont campus by relocating no more than one operating room from CaroMont Regional Medical Center and no more than one operating room from Carolina Specialty Surgery and developing two procedure rooms.**
- 3. Upon project completion, CaroMont ASC-Belmont shall be licensed for no more than two operating rooms and two procedure rooms.**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**

- d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on October 1, 2021. The second progress report shall be due on January 1, 2022 and so forth.**
- 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. The certificate holder shall receive accreditation from the Joint Commission for the Accreditation of Healthcare Organizations, the Accreditation Association for Ambulatory Health Care or a comparable accreditation authority within two years following licensure of the facility.**
- 7. For the first three years of operation following completion of the project, the certificate holder shall not increase charges more than 5% of the charges projected in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 8. The procedure rooms shall not be used for procedures that should be performed only in an operating room based on current standards of practice.**
- 9. Procedures performed in the procedure rooms shall not be reported for billing purposes as having been performed in an operating room and shall not be reported on the facility's license renewal application as procedures performed in an operating room.**
- 10. 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.**
- 11. 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.**

12. 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 applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

Capital and Working Capital Costs

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

Site Costs	\$309,400
Construction Costs	\$5,933,490
Miscellaneous Costs	\$6,665,778
Total	\$12,908,668

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

In Section F, page 53, the applicants project that start-up costs will be \$494,603 and initial operating expenses will be \$244,452 for a total working capital of \$739,055. In Sections F.3, page 53 and Q, the applicants provide the assumptions and methodology used to project the working capital needs of the project.

Availability of Funds

In Section F, page 51, the applicants state that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

TYPE	CAROMONT PARTNERS, LLC	CAROMONT HEALTH, INC.	TOTAL
Cash and Cash Equivalents	\$10,045,392	\$2,863,276	\$12,908,668
Total Financing	\$10,045,392	\$2,863,276	\$12,908,668

In Section F page 54, the applicants state that the working capital needs of the project will be funded with Cash and Cash Equivalents of CaroMont Health, Inc. and CaroMont Partners, LLC.

Exhibit F.2 contains a letter dated July 10, 2020 from the Chief Financial Officer of CaroMont Health, Inc. that states:

“CaroMont Health, Inc. has sufficient Cash and Cash Equivalents to provide the funding required for this project. Please refer to the audited financial statements...which show on page 12 that CaroMont Health has \$696.6 million in Assets limited as to use: Internally designated. I have the authority to commit these funds on behalf of CaroMonth Health, Inc.

Please accept my assurance that the anticipated funds for the completion of the project will be paid by utilizing the identified funds.”

Exhibit F.2 also contains the audited financial statements of CaroMont Health, Inc. and Affiliates which show CaroMont Health had \$17.9 million in Cash and Cash Equivalents as of December 31, 2019.

Financial Feasibility

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

	1ST FULL FISCAL YEAR 10/1/22-9/30/23	2ND FULL FISCAL YEAR 10/1/23-9/30/24	3RD FULL FISCAL YEAR 10/1/24-9/30/25
Total Cases*	2,546	3,140	3,785
Total Gross Revenues (Charges)	\$9,602,688	\$11,797,748	\$14,244,153
Total Net Revenue	\$4,801,344	\$5,898,874	\$7,122,076
Average Net Revenue per Case	\$1,886	\$1,879	\$1,882
Total Operating Expenses (Costs)	\$4,398,265	\$4,926,729	\$5,468,543
Average Operating Expense per Case	\$1,728	\$1,569	\$1,445
Net Income	\$403,079	\$972,145	\$1,653,533

*Total Cases = cases in both ORs and both Procedure Rooms combined

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

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

- The applicants adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions.
 - The applicants adequately demonstrate availability of sufficient funds for the capital and working capital needs of the proposal.
 - The applicants adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

On page 51, the 2020 SMFP states, “An operating room’s ‘service area’ is the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.” In Figure 6.1, page 57 of the 2020 SMFP, Gaston County is shown as a single-county OR service area. Thus, the service area for this review consists of Gaston County. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved ORs in the Gaston County Operating Room Service Area, all of which are operated by the applicants:

FACILITIES	# IN PT. ORS	# OUTPT. ORS.	# SHARED ORS	# EXCLUDED ORS	PROJECTED OR DEFICIT SURPLUS (-)
CaroMont Specialty Surgery	0	6	0	0	-4.59
CaroMont Regional Medical Center	5	8	9	-4	-6.11
Total	5	14	9	-4	-10.70

Source: 2020 SMFP, Table 6A, page 61 and Table 6B, pages 73-74.

In Section G, page 58, the applicants explain why it believes its proposal would not result in the unnecessary duplication of existing or approved ambulatory surgical services in the Gaston County Operating Room Service Area. The applicants state:

- “The project proposes to relocate existing operating rooms within Gaston County. It will not result in an increase in the service area’s operating room inventory.
- CaroMont ASC-Belmont is on a different campus from CaroMont Health’s existing ASC, CaroMont Specialty Surgery. Of the specialties proposed at CaroMont ASC-Belmont; orthopedic, gynecology, otolaryngology, and

neurosurgery – only otolaryngology and orthopedic surgeries, limited to minor extremity surgeries, are currently performed at CSS.

- *CaroMont ASC-Belmont offers a new [alternative] for cost-effective ambulatory surgeries in a new location to residents of Gaston County.”*

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

- The proposal would not result in an increase in ORs in the Gaston County Operating Room Service Area.
- The applicants adequately demonstrate that the proposed ASF is needed in addition to the existing or approved ASCs in Gaston County.

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.

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

C

In Section Q, Form H Staffing, the applicants provide projected full-time equivalent (FTE) staffing for the proposed services for the first three fiscal years (FY) of operation, as illustrated in the following table:

POSITION	PROJECTED FTE STAFF		
	1 ST FULL FY (10/01/2022 TO 9/30/2023)	2 ND FULL FY (10/01/2023 TO 9/30/2024)	3 RD FULL FY (10/01/2024 TO 9/30/2025)
Registered Nurses	4.00	4.50	5.00
Surgical Technicians	1.33	1.67	2.00
Clerical Staff	2.00	2.50	3.00
Central Sterile Supply Technicians	0.50	0.75	1.00
Materials Management Technicians	0.67	0.83	1.00
Administrator	1.00	1.00	1.00
Director of Nursing	1.00	1.00	1.00
TOTAL	10.50	12.25	14.00

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in Form 3, which is found in Section Q. In Section H.2 and H.3, pages 61-62, the applicants describe the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. In Section I, page 66, the applicants identify the proposed medical director. In Exhibit I.3, the applicants provide a letter from the proposed medical director in which he indicates his interest in serving as medical director for the proposed services.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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 64, the applicants state 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 Records Services
- Planning and Marketing
- Precertification and Insurance
- Purchasing
- Quality Management and Infection Control
- Risk Management and Utilization Review

- Scheduling
- Staff Education

On page 64, the applicants adequately explain how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1.

In Section I, pages 65-66, the applicants describe the existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits I.2 and I.3.

The applicants adequately demonstrate that the proposed services will be coordinated with the existing health care system.

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

- (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

Neither of the applicants is 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 101, the applicants state CaroMont Health, Inc. will construct a medical office building (MOB) on the CRMC-Belmont hospital campus, and CaroMont Partners, LLC will upfit 12,234 square feet of space on the first floor of that MOB to develop CaroMont ASC-Belmont. Line drawings are provided in Exhibit K.1.

In Section E, pages 49-50, and Section K, page 70 the applicants adequately explain how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 70, the applicants adequately explain why the proposal will not unduly increase the costs to the applicants of providing the proposed services or the costs and charges to the public for the proposed services and provide supporting documentation in Section Q and Exhibit K.4(c).

On pages 70-71, the applicants identify any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit K.4(c).

On pages 72-73 and in Exhibit K.4, the applicants identify the proposed site and provide 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.

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

CaroMont ASC-Belmont is currently not an existing facility. The two ORs for the proposed facility are to be relocated from the main CRMC campus in Gastonia and SSC, also on the CRMC main campus. In Section L, page 76, the applicants provide the historical payor mix during the last full fiscal year (10/01/2018 to 9/30/2019) for the operating rooms and procedure rooms at CRMC and CSS combined, as shown in the following table:

PAYOR CATEGORY	ENTIRE CAMPUS IP [^] AS A % OF TOTAL	OPERATING ROOM SERVICES AS A % OF TOTAL	PROCEDURE ROOM SERVICES AS A % OF TOTAL
Self-Pay	7.0%	2.0%	1.0%
Medicare*	42.0%	35.0%	53.0%
Medicaid*	13.0%	14.0%	11.0%
Insurance*	36.0%	45.0%	26.0%
Other	2.0%	4.0%	9.0%
Total	100.0%	100.0%	100.0%

*Including any managed care plans.

[^]In the table provided on page 76 the applicants indicate this designation is the entire campus IP, which the Project Analyst concludes is all inpatient services on the campus.

In Section L, page 75, the applicants provide the following comparison for CRMC and CSS combined:

	PERCENTAGE OF TOTAL PATIENTS SERVED BY THE FACILITY OR CAMPUS DURING THE LAST FULL FY	PERCENTAGE OF THE POPULATION OF THE SERVICE AREA
Female	59.0%	51.8%
Male	41.0%	48.2%
Unknown	0.0%	0.0%
64 and Younger	62.0%	83.9%
65 and Older	38.0%	16.1%
American Indian	0.0%	0.6%
Asian	0.0%	1.6%
Black or African-American	15.0%	17.6%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	81.0%	78.0%
Other Race	4.0%	2.1%
Declined / Unavailable	0.0%	0.0%

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 applicants adequately document the extent to which medically underserved populations currently use the applicants existing services in comparison to the percentage of the population in the applicants 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 76, the applicants state:

“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. As 501(c)(3) tax-exempt entities, CaroMont Health and CRMC are charitable organizations created, among other things, to promote the health of their communities. Accordingly, they 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 76, the applicants state that during the last five years no patient civil rights access complaints have been filed against the facility or any related entities 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 77, the applicants project 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:

PAYOR CATEGORY	OPERATING ROOM SERVICES AS A % OF TOTAL	PROCEDURE ROOM SERVICES AS A % OF TOTAL
Self-Pay	1.0%	1.0%
Medicare*	29.0%	57.0%
Medicaid*	15.0%	11.0%
Insurance*	49.0%	24.0%
Other	6.0%	7.0%
Total	100.0%	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicants project that 1.0% of total surgical services in the ORs will be provided to self-pay patients, 29.0% to Medicare patients and 15.0% to Medicaid patients. In addition, 1.0% of total services in the procedure rooms will be provided to self-pay patients, 57.0% to Medicare patients and 11.0% to Medicaid patients.

In Section L, page 77 the applicants provide 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 a shift of specialties and therefore some cases from

CRMC and CSS. Specifically, gynecology, otolaryngology, orthopedic and neurosurgery cases will relocate to the proposed ASC.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 78, the applicants adequately describe 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

In Section M, pages 80-81, the applicants describe 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 Exhibits M.1 and M.2.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicants adequately demonstrate 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 applicants propose to relocate two existing ORs and develop a freestanding multispecialty ASF with two ORs and two procedure rooms by upfitting space in a medical office building to be developed on the CRMC-Belmont campus.

On page 51, the 2020 SMFP states, “An operating room’s ‘service area’ is the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.” In Figure 6.1, page 57 of the 2020 SMFP, Gaston County is shown as a single-county OR service area. Thus, the service area for this review consists of Gaston County. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved ORs in the Gaston County Operating Room Service Area, all of which are operated by the applicants:

FACILITIES	# IN PT. ORs	# OUTPT. ORs.	# SHARED ORs	# EXCLUDED ORs	PROJECTED OR DEFICIT SURPLUS (-)
CaroMont Specialty Surgery	0	6	0	0	-4.59
CaroMont Regional Medical Center	5	8	9	-4	-6.11
Total	5	14	9	-4	-10.70

Source: 2020 SMFP, Table 6A, page 61 and Table 6B, pages 73-74

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 84, the applicants state:

“CaroMont Partners and CaroMont Health expect the relocation of the two existing ORs to CaroMont ASC-Belmont to have a positive impact on competition in the service area.

CaroMont Health competes mostly with much larger systems and ambulatory surgical facilities in adjacent counties. CaroMont Health 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, CaroMont Health must take appropriate steps to expand its surgical services within its service area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 84, the applicant states:

“As a result of relocating two existing ORs, CaroMont Health projects to increase its overall volume of surgeries in the service area region, which will increase utilization of its ORs, resulting in greater economies of scale and efficiencies.”

Regarding the impact of the proposal on quality, in Section N, page 84, the applicant states

“CaroMonth Health is committed to providing the safest and highest quality of care by striving to eliminate patient harm and CaroMont ASC-Belmont will follow all safety and quality-related policies. The Quality Assurance and Performance Improvement Plan provides a framework of support for the organization’s commitment to developing and sustaining a culture of high reliability.”

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 85, the applicant states:

“CaroMont Health makes surgical 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.”

Considering all the information in the application, the applicants adequately describe the expected effects of the proposed services on competition in the service area and adequately demonstrate the proposal would have a positive impact on:

- Cost-effectiveness (see Sections C, F, K, N and Q of the application and any exhibits)
- Quality (see Sections C, N and O of the application and any exhibits)
- Access to medically underserved groups (see Sections C, L and N of the application and any exhibits)

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 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 applicants identify the hospitals and surgery centers located in North Carolina owned, operated or managed by the applicants or a related entity. The applicant identifies a total of three of these types of facilities located in North Carolina.

In Section O, page 93 the applicants state that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in none of these facilities. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all three facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicants do not propose to increase the number of operating rooms in the service area, therefore, the criteria and standards for surgical services and operating rooms do not apply.