

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 23, 2021

Findings Date: September 23, 2021

Project Analyst: Gregory F. Yakaboski

Co-Signer: Fatimah Wilson

Project ID #: O-12081-21

Facility: Novant Health New Hanover Regional Medical Center

FID #: 943372

County: New Hanover

Applicants: Novant Health New Hanover Regional Medical Center, LLC
Novant Health, Inc.

Project: Add no more than 35 acute care beds to the main campus of Novant Health New Hanover Regional Medical Center pursuant to the need determination in the 2021 SMFP for a total of no more than 749 acute care beds at all campuses of Novant Health New Hanover Regional Medical Center upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

REVIEW CRITERIA

G.S. 131E-183(a): The Department 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

Novant Health New Hanover Regional Medical Center, LLC and Novant Health, Inc., hereinafter referred to as “the applicant,” propose to add no more than 35 acute care beds to the main campus of Novant Health New Hanover Regional Medical Center (NHNHRMC or NHRMC) pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

On page 27 of the application, the applicant details the implementation of the proposed project as follows:

“This project will be implemented in two phases, which will allow for immediate relief of capacity constraints. During Phase I, NHRMC will convert 23 observation bed spaces to licensed beds upon approval. This will allow NHRMC to meet the immediate need for additional acute care bed capacity. Phase II entails the vertical expansion of the Women’s and Children’s Hospital tower on the main campus for the proposed 35 acute care beds. Once the new 35 beds are constructed and come online, the former 23 acute care beds from Phase I will be converted back to much-needed observation space.”

As of February 1, 2021, the assets of New Hanover Regional Medical Center were acquired by Novant Health New Hanover Regional Medical Center, LLC a subsidiary of Novant Health, Inc.

Need Determination

Chapter 5 of the 2021 SMFP includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Table 5B on page 46 of the 2021 SMFP includes an acute care bed need determination for 35 additional acute care beds in the New Hanover County service area. The 2021 SMFP, on pages 34-35, states:

“Any qualified applicant may apply for a CON to acquire the needed acute care beds. A qualified applicant is a person who 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 (MDC) recognized by the Centers for Medicare and Medicaid services (CMS) listed below: ...” [as listed on pages 34-45 of the 2021 SMFP]*

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

The applicant does not propose to develop more new acute care beds than are determined to be needed in the 2021 SMFP for the New Hanover County service area. Therefore, the application is consistent with the need determination.

Policies

There are two policies in the 2021 SMFP applicable to this review: Policy GEN-3: *Basic Principles*, and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*.

Policy GEN-3: *Basic Principles*, on page 29 of the 2021 SMFP, states:

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

Promote Safety and Quality - The applicant describes how it believes the proposed project would promote safety and quality in Section B, pages 27-29; Section N, page 106; Section O, pages 108-110 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote safety and quality.

Promote Equitable Access - The applicant describes how it believes the proposed project would promote equitable access in Section B, pages 29-30; Section C, pages 64-65; Section L, pages 98-103; Section N, page 106 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Maximize Healthcare Value - The applicant describes how it believes the proposed project would maximize health care value in Section B, page 30; Section F, pages 77-81; Section K, pages 93-94, Section N, pages 105-106; the applicant’s pro forma financial statements in Section Q and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal will maximize health care 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 identified in the 2021 SMFP. Therefore, the application is consistent with Policy GEN-3.

Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*, on page 29 of the 2021 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, pages 31-33 and Section K, pages 94-95, the applicant provides 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
- Information which was publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 because the applicant adequately demonstrates how its proposal incorporates the concepts of quality, equitable access, and maximum value for resources expended in meeting the need for the proposed services as identified by the applicant.
- The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for 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, persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

Patient Origin

On page 31, the 2021 SMFP defines the service area for acute care beds as “...the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows New Hanover County as its own acute care bed service area. Thus, the service area for this application is New Hanover County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for acute inpatient services at NHNHRMC.

County	Historical (Last Full FY2020)*		Third Full FY of Operation following Project Completion (10/1/2026 to 9/30/2027)	
	Patients	% of Total	Patients	% of Total
New Hanover	15,952	46.1%	20,949	46.1%
Brunswick	6,155	17.8%	8,083	17.8%
Pender	4,348	12.6%	5,710	12.6%
Onslow	2,729	7.9%	3,584	7.9%
Columbus	1,644	4.8%	2,159	4.8%
Duplin	1,059	3.1%	1,391	3.1%
Bladen	623	1.8%	818	1.8%
All Other**	2,094	6.1%	2,750	6.1%
Total	34,604	100.0%	45,444	100.0%

Source: Tables on pages 39 and 40 of the application.

*The dates of the last full fiscal year are 10/1/2019 to 9/30/2020.

**Counties and other states included in the “Other” category are shown in the tables on pages 39 and 40 of the application.

In Section C.4, pages 53-59, the applicant provides the assumptions and methodology used to project its patient origin. On pages 57-58, the applicant states:

“NHRMC conservatively used a growth rate of 2.2 percent for admissions during the interim period. ... NHRMC assumes that the projections for the first three years of operation of both the Main and Scotts Hill campuses (FY2025 through FY2027) will be the same as projected in its CON Application for NHRMC-Scotts Hill. This projection model was accepted and approved by the CON Section and has been re-validated herein.”

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

- The applicant based its projections on historic utilization.
- The applicant utilized a conservative growth rate.
- The applicant held the historical ALOS constant at 5.2 days, the same ALOS that was used by the recently approved NHNHRMC-Scotts Hills project.

Analysis of Need

In Section C.4, pages 41-59, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Significant and continued growth in the service area, especially for the 65 and older population (pages 43-46).
- The need for additional acute care bed capacity at NHNHRMC's main campus due to high utilization and existing capacity constraints (pages 46-48).
- The immediate need for bed capacity evidenced by patients in the ED waiting for beds (pages 48-51).
- The number of transfer requests declined due to lack of bed capacity (pages 51-52).
- Long-term plans of increasing access to care at the Scotts Hill location (pages 46-48).

The information is reasonable and adequately supported based on 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's historical growth in utilization created the current need determination for 35 additional acute care beds in the 2021 SMFP for the New Hanover County Acute Care Bed Service Area.
- Letters from physicians who have expressed support for the proposed project. See Exhibit C-4.4.

Projected Utilization

In Section Q, Form C, the applicant provides historical and interim projected utilization for NHNHRMC Main Campus only and projected utilization for the existing, approved and projected acute care beds in all campuses of NHNHRMC for the first three project years, as illustrated in the following tables.

NHNHRMC-Main Campus (only): Historical and Interim

	Last FFY	Actual Partial FY	Interim Partial FY	Interim FFY	Interim FFY	Interim FFY
	FFY 2020 (10/1/2019-9/30/2020)	(10/1/2020-1/31/2021)	(2/1/2021-9/30/2021)	FFY 2022 (10/1/2021-9/30/2022)	FFY 2023 (10/1/2022-9/30/2023)	FFY 2024 (10/1/2023-9/30/2024)
Total Acute Care Beds						
# of Beds	678	678	678	701*	701	701
# Admissions	34,604	11,230	25,131	40,222	41,097	41,990
# of Patient Days	180,349	67,472	125,504	209,154	213,703	218,350
ALOS**	5.2	6.0	5.0	5.2	5.2	5.2
Occupancy Rate	72.9%	27.3%	50.7%	82.4%	83.5%	85.3%

Source: Section Q, Form C.1a.

*Reflects Phase I of the proposal whereby 23 observation beds would be immediately converted to acute care beds until construction is complete to house the 35 new acute care beds covered by this project.

**ALOS = Average Length of Stay

NHNHRMC- All Campuses (NHNHRMC Main Campus and NHNHRMC-Scott Hill)

	OY1	OY2	OY3
	FFY 2025 (10/1/2024-9/30/2025)	FFY 2026 (10/1/2025-9/30/2026)	FFY 2027 (10/1/2026-9/30/2027)
Total Acute Care Beds			
# of Beds	749	749	749
# Admissions	43,339	44,379	45,444
# of Patient Days	225,504	230,915	236,457
ALOS	5.2	5.2	5.2
Occupancy Rate	82.5%	84.5%	86.5%

Source: Section Q, Form C.1b.

NHNHRMC-Main Campus (only)

	OY1	OY2	OY3
	FFY 2025 (10/1/2024-9/30/2025)	FFY 2026 (10/1/2025-9/30/2026)	FFY 2027 (10/1/2026-9/30/2027)
Total Acute Care Beds			
# of Beds	683	683	683
# Admissions	38,926	39,622	40,572
# of Patient Days	207,871	211,909	216,966
ALOS	5.34	5.35	5.35
Occupancy Rate	83.4%	85.0%	87.0%

Source: Section Q, Form C.1b.

NHNHRMC-Scott Hills Campus (only)

	OY1	OY2	OY3
	FFY 2025 (10/1/2024-9/30/2025)	FFY 2026 (10/1/2024-9/30/2026)	FFY 2027 (10/1/2024-9/30/2027)
Total Acute Care Beds			
# of Beds	66	66	66
# Admissions	4,413	4,757	4,872
# of Patient Days	17,633	19,006	19,461
ALOS	4.0	4.0	4.0
Occupancy Rate	73.2%	78.9%	80.8%

Source: Section Q, Form C.1b.

In Section C, pages 53-59, Section Q, Form C, and Exhibit C-4.6, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

“In the NHRMC-Scotts Hill Project, NHRMC presented projections for acute care beds for all campuses through FY 2027. Both the proposed project and the approved NHRMC-Scotts Hill project are slated to come online 10/1/2024. Accordingly, NHRMC reviewed the NHRMC-Scotts-Hill projections and more recent utilization data to confirm that the NHRMC-Scotts Hill projections are, indeed, still reasonable projections and applicable to the proposed project. First, consistent with NHRMC-Scott-Hill’s recent approval, the historical utilization of NHRMC with all acute care beds was analyzed. As described in the NHRMC-Scotts Hill application, the New Hanover area was impacted in two consecutive years by hurricanes in FY 2018 and FY 2019, which was considered in the NHRMC-Scotts Hill and full licensed facility projections. To provide a comprehensive view of projected area demand, NHRMC added data from FY 2020 data to the historical data presented in NHRMC-Scotts Hill to update and review the more recent trend in utilization. (pages 54-55).

...

NHRMC assumes that the projections for the first three years of operation of both the Main and Scotts Hill campuses (FY2025 through FY2027) will be the same as projected in its CON Application for NHRMC-Scotts Hill. The projection model was accepted and approved by the CON Section and has been re-validated herein. The rebound in patient days for FY 2021 and the continued growth and aging of the service area population are evidence that NHRMC is still on track to meet its projections as presented in the NHRMC-Scotts Hill Application. (page 59).”

- **NHNHRMC Bed Reconciliation (page 53).** NHNHRMC currently has 678 existing, licensed acute care beds with 603 general acute care beds at NHNHRMC-Main Campus and 75 general acute care beds at NHNHRMC-Orthopedic Hospital. The applicant notes that not all its acute care beds can be operationalized due to bed configuration constraints at NHNHRMC-Orthopedic Hospital. Through several approved projects 45 of the acute care beds from NHNHRMC-Orthopedic Hospital will be relocated to NHNHRMC-Main Campus and 30 acute care beds will be relocated to the approved NHNHRMC-Scotts Hill Campus. Upon completion of all approved

projects and this proposed project NHNHRMC-Main Campus will have 683 acute care beds and NHNHRMC-Scotts Hill Campus will have 66 acute care beds.

- NHRMC Historical Utilization and COVID-19 impact (pages 53-55). The applicant received a certificate of need dated April 22, 2021 to develop a satellite campus, NHRMC-Scotts Hill (Project ID#O-11947-20). On page 53, the applicant states, *“In the NHRMC-Scotts Hill Project, NHRMC presented projections for acute care beds for all campuses through FY2027. Both the proposed project and the approved NHRMC-Scotts Hill project are slated to come online 10/1/2024. Accordingly, NHRMC reviewed the NHRMC-Scotts Hill projections and more recent utilization data to confirm that the NHRMC-Scotts Hill projections are, indeed, still reasonable projections and applicable to the proposed project.”* On page 55, the applicant further states, *“...research shows that hospital service volumes are recovering and are expected to rebound fully by 2020. To confirm this is true for its acute care utilization, NHRMC conducted its own analysis which is presented below [the next analytical step]”*.
- COVID-19 Recovery and 2021 YTD Acute Care Annualization (pages 55-56). Based on its analysis provided in detail on pages 55-56, the applicant states, *“Despite a drop in admissions from FY2019 to FY2020, patient days in the first and second quarter of FY2021 have fully rebounded from COVID and have exceeded pre-COVID levels as shown below. ... Thus, NHRMC believes that FY 2021 and the subsequent years will reflect the pre-COVID trends in utilization. This further validates that the acute care projections for all campuses for the first three project years as provided in the NHRMC-Scotts Hill project will not be impacted by the short-term effects of COVID-19.”*
- Projected Acute Care Growth Rate (pages 56-57). The applicant states that due to the impact of COVID on FY2020 utilization and the impacts of two major hurricanes on the utilization of FY2018 and FY2019, *“the most recent historical trends in annual growth rates are not an accurate reflection of the projected growth rates for acute care services.”* Therefore, the applicant projected the interim period (FY2021 to FY2024) based on a growth rate of 2.2% which is based on the average of the weighted population growth rate of 1.8% and the historical, pre-hurricane/pre-pandemic admission growth rate of 2.5%
- Projected Interim Period (pages 57-58). The applicant grew admissions for the interim years based on FY2019 for calculating FY2022 based on the assumption that FY2022 would reflect full pandemic recovery and the resumption of historical trends. The average length of stay of 5.2 days was held constant.
- Projected Utilization after Project (pages 58-59). On page 58, the applicant states *“NHRMC assumes that the projections for the first three years of operation of both the Main and Scotts Hill campuses (FY2025 through FY2027) will be the same as projected in its CON Application for NHRMC-Scotts Hill. This projection model was accepted and approved by the CON Section and has been re-validated herein.”* The applicant

notes that the continued growth and aging of the service area population and the rebound in patient days for FY2021 support the determination that NHRMC *“is still on track to meet its projections as presented in the NHRMC-Scotts Hill Application.”*

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

- The applicant operates the only hospital in New Hanover County. Based on the applicant’s historical utilization and growth, the 2021 SMFP shows a need for 35 additional acute care beds in New Hanover County. This need determination was driven entirely by historical utilization at the applicant’s existing facility.
- The applicant uses population growth and conservative growth rates supported by historical data.
- Due to capacity constraints the applicant currently must delay or decline transfer requests, must board patients in the emergency department for extended period of times and is hindered in its ability to respond to emergencies or disasters.
- The applicant factored in the development of NHRMC-Scotts Hill (Project ID#O-11947-20) for which a Certificate of Need was issued April 22, 2021 and utilized the same projections from the NHRMC-Scotts Hill application after revalidation.
- In the third year after project completion, the applicant projects utilization of 86.5% of the acute care beds at all NHRMC’s campuses in the New Hanover Acute Care Bed Service Area, which exceeds the performance standard of 75.2% utilization as promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C.6, page 64, the applicant states,

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

...

Services are available to all persons including: (a) low income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) the elderly, and (f) other underserved persons, including the medically indigent referred by their attending physicians.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	6.4%
Racial and ethnic minorities	24.6%
Women	55.0%
Persons with Disabilities	NA
Persons 65 and older	45.8%
Medicare beneficiaries	51.3%
Medicaid recipients	15.3%

Source: Table on page 66 of the application.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose the reduction or elimination of a service. Therefore, Criterion (3a) is not applicable to this review.

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

CA

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

In Section E.1, pages 75-76 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 maintaining the status quo is not acceptable because it would fail to meet the acute care demands at NHHHRMC. Therefore, the applicant found this to be a less-effective alternative.

Add Beds at the Approved NHHHRMC Scott Hills Location: The applicant states that this is not an acceptable alternative because it would not address the immediate need of additional bed capacity in New Hanover County and at NHHHRMC's main campus. The primary benefit of the proposed project is that NHHHRMC can immediately operationalize 23 of the acute care beds on its main campus to address the immediate need for additional bed capacity. Therefore, the applicant found this to be a less-effective alternative.

Add Beds at the NHHHRMC Orthopedic Hospital: This facility is approaching the end of its useful life. It has been NHHHRMC's long term strategic plan to close inpatient services at the Orthopedic Hospital. NHHHRMC has been approved to relocate the last 30 beds from the Orthopedic Hospital to its approved NHHHRMC Scott Hill campus. Therefore, the applicant found this to be a less-effective alternative.

Add Observation Beds at NHHHRMC's Main Campus: Observation beds do not serve the same purpose as inpatient acute care beds. Thus, observation beds will not meet the need for additional acute care bed capacity at the NHHHRMC main campus. Therefore, the applicant found this to be a less-effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all statutory and regulatory review criteria.

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. **Novant Health New Hanover Regional Medical Center, LLC and Novant Health, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall add no more than 35 acute care beds to the main campus of Novant Health New Hanover Regional Medical Center.**
3. **Upon completion of the project, and Project ID# O-11947-20 (develop a new satellite hospital campus), Novant Health New Hanover Regional Medical Center shall be licensed for no more than 749 acute care beds at all campuses.**
4. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
5. **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 January 1, 2022. The second progress report shall be due on April 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. **No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. **Payor mix for the services authorized in this certificate of need.**
 - b. **Utilization of the services authorized in this certificate of need.**
 - c. **Revenues and operating costs for the services authorized in this certificate of need.**
 - d. **Average gross revenue per unit of service.**
 - e. **Average net revenue per unit of service.**
 - f. **Average operating cost per unit of service.**

7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

Capital and Working Capital Costs

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

Site Costs	\$0
Construction Costs	\$38,954,013
Miscellaneous Costs	\$10,418,580
Total	\$49,372,593

The applicant provides its assumptions and methodology for projecting capital cost in Section Q and Exhibits F-1.1, F-1.2 and K-3. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based the information provided in Section F.1, page 77, Section Q and referenced exhibits.

In Section F.3, pages 78-79, the applicant states that there will be no start-up costs or initial operating expenses as NHNHRMC is an existing hospital.

Availability of Funds

In Section F.2, page 77, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	<i>Novant Health New Hanover Regional Medical Center, LLC</i>	<i>Novant Health, Inc.</i>	Total
Loans	\$0	\$0	\$0
Accumulated reserves or OE *	\$0	\$49,372,593	\$49,372,593
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$0	\$49,372,593	\$49,372,593

* OE = Owner's Equity

In Exhibit F-2.1, the applicant provides a letter dated May 28, 2021 from the Senior Vice President, Operational Finance and Revenue Cycle for Novant Health, Inc. stating its commitment of \$50 million of its accumulated reserves to fund the capital cost costs of the proposed project.

Exhibits F-2.2 and F-2.3 contain, respectively, copies of the audited Annual Financial Report for Novant Health, Inc. and NHNHRMC for the years ending respectively, December 31, 2020 and September 30, 2020. According to the financial report, as of December 31, 2020, Novant Health, Inc. had adequate accumulated reserves to fund the projected capital requirements of the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based the information provided in Section F and Exhibits F-2.1, F-2.2 and F-2.3 of the application.

Financial Feasibility

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

	1st FFY (FY2025)*	2nd FFY (FY2026)	3rd FFY (FY2027)
Total Gross Revenues (Charges)	\$6,457,774,398	\$6,935,618,317	\$7,448,855,274
Total Net Revenue	\$1,654,489,925	\$1,727,279,441	\$1,803,280,035
Total Operating Expenses (Costs)	\$1,446,306,074	\$1,504,037,739	\$1,561,934,037
Net Income	\$208,183,851	\$223,241,702	\$241,345,998

*Note: The applicant's first full fiscal year is 10/1/2024 to 9/30/2025.

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

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
 - 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 revenues and operating expenses for all the reasons described above.
- (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 add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

On page 31, the 2021 SMFP defines the service area for acute care beds as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows New Hanover County as its own acute care bed service area. Thus, the service area for this application is New Hanover County. Facilities may also serve residents of counties not included in their service area.

New Hanover County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
Novant Health New Hanover Regional Medical Center*	648
Novant Health New Hanover Regional Medical Center-Scotts Hill**	66
New Hanover County Total	714

Source: Table 5A, 2021 SMFP; approved applications; approved Agency exemption and material compliance.

*The facility was previously known as New Hanover Regional Medical Center. An exemption, dated January 27, 2021, was approved for Novant Health New Hanover Regional Medical Center, LLC to acquire New Hanover Regional Medical Center and its subsidiaries. The asset purchase transaction was completed on February 1, 2021.

**Certificate issued on April 22, 2021 for Project ID #O-11947-20. (Develop a new hospital by relocating no more than 30 acute care beds and 8 ORs from New Hanover Regional Medical Center and developing 36 acute care beds pursuant to the need determination in the 2020 SMFP for a total of no more than 66 acute care beds). Novant Health New Hanover Regional Medical Center- Scotts Hill will operate under the same license as Novant Health New Hanover Regional Medical Center.

The applicant is the only provider of acute care beds in New Hanover County.

In Section G.2, pages 85-86, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds in New Hanover County. The applicant states:

“The 2021 SMFP indicated a need for 35 acute care beds in New Hanover County specifically resulting from NHRMC’s utilization. There are no other providers of acute care services in New Hanover County. ... NHRMC’s existing acute care beds are highly utilized, and the hospital is experiencing capacity constraints.”

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

- There is a need determination in the 2021 SMFP for 35 acute care beds in the service area and the applicant proposes to develop 35 acute care beds.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds in New Hanover County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

In Section Q, Form H, the applicant provides the projected full-time equivalent (FTE) staffing for the proposed services, as shown in the tables on pages 127-128.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Sections H.2 and H.3, pages 87-89, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Exhibits H-2.1, H-2.2, H-3.1, H-3.2, H-3.3, H-3.4 and M-1.1, the applicant provides supporting documentation.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 87-89, Exhibits H-2.1, H-2.2, H-3.1, H-3.2, H-3.3, H-3.4 and M-1.1 and in Section Q, Form H, as described above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

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

C

The applicant proposes to add no more than 35 acute care beds to the main campus of NHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

Ancillary and Support Services

In Section I.1, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On page 90, the applicant explains how each ancillary and support service is or will be made available, the applicant states,

“As an existing acute care hospital in New Hanover County, NHRMC already has the necessary ancillary and support service infrastructure in place. All of the aforementioned services are made available via facility staff.”

The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 91, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2. The applicant states,

“Longstanding transfer agreements currently exist between NHRMC and many health care providers in North Carolina and South Carolina. NHRMC expects these arrangements to continue into the foreseeable future. NHRMC has existing written agreements with several local providers.”

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, page 91, and Exhibit I-2, as described above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health

service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

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

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

In Section K, page 93, the applicant states that the project involves constructing 58,822 square feet of new space and renovating 13,224 square feet of existing space. Line drawings are provided in Exhibits K-1 and K-2.

On page 93, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the information and representations made by the applicant on page 93, and Exhibit K-3.

In Section K.3.b, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the information and representations made by the applicant on page 94 of the application.

On pages 94-95, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- (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 ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L.1, page 98, the applicant provides the historical payor mix for NHNHRMC for FY2020, as shown in the table below.

Payor Category	Percent of Total of Total Patients Served
Self-Pay	4.3%
Charity Care	2.1%
Medicare*	51.3%
Medicaid*	15.3%
Insurance*	21.8%
Workers Compensation	0.3%
TRICARE	2.3%
Other (Government, Hospice, Corporate, Liability, and Other)	2.6%
Total	100.0%

Source: Table on page 98 of the application.

*Including any managed care plans.

In Section L, page 99, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	55.0%	49.9%
Male	45.0%	50.1%
Unknown	0.0%	0.0%
64 and Younger	54.2%	81.0%
65 and Older	45.8%	19.0%
American Indian	0.4%	0.9%
Asian	0.4%	1.3%
Black or African American	17.7%	16.2%
Native Hawaiian or Pacific Islander	0.2%	0.1%
White or Caucasian	75.4%	74.0%
Other Race	4.3%	3.1%
Declined / Unavailable	1.7%	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 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 persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L.2, page 100, the applicant states:

“NHRMC 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.”

In Section L, page 100, the applicant states that during the last five years no patient civil rights access complaints have been against NHHNHRMC.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L.3, page 101, the applicant projects the payor mix for acute care services during the third full fiscal year of operation (FFY2027) following completion of the project, as illustrated in the following table.

NHHNHRMC: Acute Care Services
3rd Full FY (10/1/2026 to 9/30/2027)

Payor Category	Percent of Total of Total Patients Served
Self-Pay	4.3%
Charity Care	2.1%
Medicare*	51.3%
Medicaid*	15.3%
Insurance*	21.8%
Workers Compensation	0.3%
TRICARE	2.3%
Other (Government, Hospice, Corporate, Liability, and Other)	2.6%
Total	100.0%

Source: Table on page 101 of the application.

*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 4.3 percent of total services will be provided to self-pay patients, 2.1 percent to charity care patients, 51.3 percent to Medicare patients, and 15.3 percent to Medicaid patients.

On page 101, the applicant provides the assumptions and methodology used to project payor mix during the first three years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because the applicant's proposed patient payor mix is based on NHNHRMC's historical experience for CY 2019.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L.5, page 103, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- 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

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

In Section M.1, page 104, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibits M-1.1 and M-1.2.

The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the information provided in Section M, page 104, as described above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

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

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

C

The applicant proposes to add no more than 35 acute care beds to the main campus of NHNHRMC pursuant to the need determination in the 2021 SMFP for a total of no more than 749 beds upon completion of this project and Project ID# O-11947-20 (develop a new satellite hospital campus)

On page 31, the 2021 SMFP defines the service area for acute care beds as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows New Hanover County as its own acute care bed service area. Thus, the service area for this application is New Hanover County. Facilities may also serve residents of counties not included in their service area.

New Hanover County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
Novant Health New Hanover Regional Medical Center*	648
Novant Health New Hanover Regional Medical Center-Scotts Hill**	66
New Hanover County Total	714

Source: Table 5A, 2021 SMFP; approved applications; approved Agency exemption and material compliance.

* The facility was previously known as New Hanover Regional Medical Center. An exemption, dated January 27, 2021, was approved for Novant Health New Hanover Regional Medical Center, LLC to acquire New Hanover Regional Medical Center and its subsidiaries. The asset purchase transaction was completed on February 1, 2021.

**Certificate issued on April 22, 2021 for Project ID #O-11947-20. (Develop a new hospital by relocating no more than 30 acute care beds and 8 ORs from New Hanover Regional Medical Center and developing 36 acute care beds pursuant to the need determination in the 2020 SMFP for a total of no more than 66 acute care beds). Novant Health New Hanover Regional Medical Center- Scotts Hill will operate under the same lice

The applicant is the only provider of acute care beds in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 105, the applicant states:

“The project will foster positive competition and collaboration with surrounding facilities.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 105-106, the applicant states:

“NHRMC proposes to bring 23 of the proposed 35 beds online immediately after approval in order to meet the existing significant demand for acute care services and current capacity constraints. Other than staffing, there is no cost associated with operationalizing these 23 beds, making this a cost-effective alternative to address the immediate acute care need. Further, additional acute bed capacity will allow for more efficient operations by reducing wait time in the ED for admissions and allowing bed capacity to routinely accommodate transfers from regional partners.”

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

Regarding the impact of the proposal on quality, in Section N, page 106, the applicant states:

“NHRMC prides itself on its quality care, and the proposed project will serve to expand access to acute care by addressing capacity constraints. This will enhance quality of care by ensuring the timeliest access to acute care services, including tertiary services, decreasing patient wait time for acute care bed availability, and ensuring the necessary bed capacity for NHRMC to accept transfers from its regional referral system.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 106, the applicant states:

“NHRMC’s affiliation with Novant Health will further enhance access to care for the medically underserved. In fact, Novant Health has expanded NHRMC’s charity care policy so that uninsured patients with an annual family income less than or equal to 300% of the federal poverty level will not get a bill.

NHRMC is a comprehensive provider to all patients without regard to race, color, religion, creed, national origin, sex, sexual orientation, disability, age, or ability to pay.”

See also Section L and C of the application and any exhibits.

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency *(if applicable)*

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

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of sixteen of this type of facility located in North Carolina.

In Section O, page 109, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care that resulted in a finding of immediate jeopardy occurred in none 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 except for an EMTALA violation at Novant Health Forsyth Medical Center which also impacted Novant Health Clemmons Medical Center and Novant Health Kernersville Medical Center since all three operate under the same CMS Certification Number (CCN). None of the sixteen facilities had any incidents during the 18 months immediately preceding the submittal of the application which resulted in a finding of immediate jeopardy. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all sixteen 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.

G.S. 131E-183 (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 35 new acute care beds pursuant to a need determination in the 2021 SMFP. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area and owned by the applicant is greater than 200. The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area and which are owned by the applicant is reasonably projected to be at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
- (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 41-52, for the applicant's discussion of need and Section Q 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.