

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 25, 2022

Findings Date: May 25, 2022

Project Analyst: Gregory F. Yakaboski

Co-Signer: Mike McKillip

Project ID #: Q-12189-22

Facility: Vidant Medical Center

FID #: 933410

County: Pitt

Applicant: Pitt County Memorial Hospital, Inc.

Project: Develop no more than one OR pursuant to the 2022 SMFP need determination for a total of no more than 30 ORs (excluding 4 C-Section ORs) upon project completion

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

Pitt County Memorial Hospital, Inc. (hereinafter referred to as PCMH, Inc. or “the applicant”) proposes to develop one additional operating room (OR) at Vidant Medical Center (VMC) pursuant to the need determination in the 2022 State Medical Facilities Plan (SMFP). VMC is an acute care hospital, located at 2100 Statonsburg Road, Greenville.

Need Determination

Table 6C: Operating Room Need Determination, page 83 of the 2022 SMFP identifies that the State Health Coordinating Council, in response to a petition, approved an adjusted need determination for one additional OR in the Pitt/Greene/Hyde/Tyrrell service area. The applicant does not propose to develop more operating rooms than are determined to be needed

in the Pitt/Greene/Hyde/Tyrrell service area. Therefore, the application is consistent with the need determination.

Policies

There are is one policy in the 2022 SMFP applicable to this review: Policy GEN-3: *Basic Principles*.

Policy GEN-3: *Basic Principles*, on page 30 of the 2022 SMFP, states:

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

Promote Safety and Quality

The applicant describes how it believes the proposed project will promote safety and quality in Section B (a) and (d), pages 25 and 27, Section N, pages 88-89; Section O, pages 90-92; and referenced exhibits. The information provided by the applicant is reasonable and supports the determination that the applicant’s proposal will promote safety and quality.

Promote Equitable Access

The applicant describes how it believes the proposed project will promote equitable access in Section B(b) and (d), pages 26-27; Section C.6, pages 46-47; Section L, pages 79-85; Section N, pages 88-89, and referenced exhibits. The information provided by the applicant is reasonable and supports the determination that the applicant’s proposal will promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes the proposed project will maximize healthcare value in Section B (c) and (d), pages 26-27; Section F, pages 58-64; Section K, pages 75-77, Section N, pages 88-89; the applicant’s pro forma financial statements in Section Q and referenced exhibits. The information provided by the applicant with regard to its efforts to maximize healthcare value is reasonable and supports the determination that the applicant’s proposal will maximize healthcare value.

The information provided by the applicant is reasonable and 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 2022 SMFP. Therefore, the application is consistent with Policy GEN-3.

Conclusion

The Agency reviewed the:

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

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

- The applicant does not propose to develop more operating rooms than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 based on the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of operating room services in the Pitt/Greene/Hyde/Tyrrell operating room service area;
 - The applicant adequately documents how the project will promote equitable access to operating room services in Pitt/Greene/Hyde/Tyrrell operating room service area;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended;
 - The applicant's projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2022 SMFP.

(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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

Patient Origin

N.C.G.S. §131E-176(24a) states: “Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.” On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” VMC is in Pitt County. In Figure 6.1, page 55 of the 2022 SMFP, Pitt County is shown as part of the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area. Thus, the operating room service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

County	Historical (10/1/2020 – 9/30/2021)		Third Full FY of Operation following Project Completion (10/1/2024 – 9/30/2025)	
	Patients	% of Total	Patients	% of Total
Pitt	6,853	32.4%	7,328	32.4%
Beaufort	1,554	7.3%	1,641	7.3%
Lenoir	1,243	5.9%	1,313	5.9%
Wayne	1,044	4.9%	1,103	4.9%
Edgecombe	1,007	4.8%	1,064	4.8%
Craven	954	4.5%	1,008	4.5%
Wilson	952	4.5%	1,005	4.5%
Martin	813	3.8%	859	3.8%
Nash	683	3.2%	721	3.2%
Halifax	654	3.1%	691	3.1%
Onslow	613	2.9%	647	2.9%
Greene	527	2.5%	557	2.5%
Bertie	521	2.5%	550	2.5%
Duplin	510	2.4%	539	2.4%
Hertford	428	2.0%	452	2.0%
Carteret	397	1.9%	419	1.9%
Washington	314	1.5%	332	1.5%
Northampton	291	1.4%	307	1.4%
Chowan	238	1.1%	251	1.1%
All Other (<1.0%)	1,569	7.4%	1,654	7.4%
Total	21,165	100.0%	22,353	100.0%

Source: Tables on pages 31 & 33 of the application.

In Section C, page 32, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the applicant’s historical (FY21) patient origin for surgical services at VMC.

Analysis of Need

In Section C, pages 35-41, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Address VMC's Historical and Projected Surgical Growth & Capacity Constraints (see pages 36-37).
- Maintain Adequate Capacity to Meet the Needs of the Medically Underserved (see pages 37-38).
- Maintain Adequate Capacity to Meet the Need for Complex Care (see pages 38-39).
- Maintain Capacity to Continue to be a Regional Resource to Serve all ENC (see page 39).
- Maintain Capacity to Continue to Provide a Broad Scope of Services to Both IP and OP (see page 40).
- Increase Patient Satisfaction and Physician Satisfaction (see pages 40-41).
- Maintain Adequate Capacity for Education and Research (see page 41).

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

- The 2022 SMFP includes an adjusted need determination for an additional OR in the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area based on The State Health Coordinating Council's (SHCC) approval of VMC's petition.
- The applicant provides information and data to support their assertions regarding the historical growth in surgical case volumes at VMC.
- The applicant documented capacity constraints in servicing existing and projected VMC patient need for surgical services.
- The applicant documents how an additional OR would address labor and operational costs, quality of care and improve patient satisfaction, staff and physician morale, recruitment and retention.

Projected Utilization

In Section Q, Form C.3a, page 104, the applicant provides a table showing the operating room inventories at two existing Pitt County surgical facilities, VMC and Vidant SurgiCenter (SurgiCenter). See also 2022 SMFP, pages 64 and 78.

VMC and SurgiCenter are related entities, but separately licensed.

The project analyst notes that the operating room service area is the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area. However, there are no ORs in Greene, Hyde or Tyrrell counties.

Pitt County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Adjusted Planning Inventory
Vidant SurgiCenter	0	10	0	0	0	10
Vidant Medical Center	7	0	26	-5	0	28
Total	7	10	26	-5	0	38

Source: Section Q, page 104 and 2022 SMFP, Table 6A, page 64, and Table 68, page 78.

Vidant Medical Center

In Section Q, pages 96-98, the applicant provides historic, interim and projected utilization at VMC, as illustrated in the following tables.

VMC: Historic, Interim and Projected OR Cases

Surgical Cases	Historical FFY 2021	Interim FFY 2022	Year 1 FFY 2023	Year 2 FFY 2024	Year 3 FFY 2025
# of ORs	28	29	29	29	29
IP Cases	10,947	11,226	11,394	11,508	11,623
OP Cases	10,218	10,362	10,518	10,623	10,729
Total Cases	21,165	21,588	21,912	22,131	22,353

SurgiCenter

In Section Q, pages 100-102, the applicant provides historic, interim and projected utilization at SurgiCenter, as illustrated in the following tables.

SurgiCenter: Historic, Interim and Projected OR Cases

Surgical Cases	Historical FFY 2021	Interim FFY 2022	Year 1 FFY 2023	Year 2 FFY 2024	Year 3 FFY 2025
# of ORs	10	10	10	10	10
IP Cases	0	0	0	0	0
OP Cases	10,995	11,215	11,439	11,611	11,727
Total Cases	10,995	11,215	11,439	11,611	11,727

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

- The applicant summarized the historical surgical cases at both VMC and the SurgiCenter from FY17 to FY21.
- The applicant calculated the average percentage change in surgical cases over Five Years from FY17 to FY21.
- The applicant calculated the historical percentages of IP surgical cases and OP surgical cases for VMC from FY17 to FY21.

- For VMC, the applicant projected surgical cases for FY22 to FY25 by assuming surgical case volumes will increase at historical (FY2017-FY2021) growth rate in FY2022 and then trend downward to an average annual growth rate of 1.0% by FY2024 and FY2025, which is equal to the population growth rate.
- For SurgiCenter, the applicant projected surgical cases for FY22 to FY25 by assuming that surgical case volume would return to pre-COVID pandemic levels.

VMC

	IP Surgical Cases	OP Surgical cases	Total Surgical Cases	% Change
FY17	11,108	8,408	19,516	
FY18	10,713	8,324	19,037	<2.5%>
FY19	11,675	9,123	20,798	9.3%
FY20	11,356	8,549	19,905	<4.3%>
FY21	10,947	10,218	21,165	6.3%
Average Change FY17 – FY21				2.1%
FY22	11,226	10,362	21,588	2.0%
FY23	11,394	10,518	21,912	1.5%
FY24	11,508	10,623	22,131	1.0%
FY25	11,623	10,729	22,353	1.0%

Surgi Center

	IP Surgical Cases	OP Surgical cases	Total Surgical Cases	% Change
FY17	0	11,634	11,634	
FY18	0	11,788	11,788	1.3%
FY19	0	11,765	11,765	<0.2%>
FY20	0	9,994	9,994	<15.1%>
FY21	0	10,995	10,995	10.0%
Average Change FY17 – FY21				<1.4%>
FY22	0	11,215	11,215	2.0%
FY23	0	11,439	11,439	1.5%
FY24	0	11,611	11,611	1.0%
FY25	0	11,727	11,727	1.0%

Note: The applicant states that prior to COVID the SurgiCenter averaged 11,700 surgical cases per year. The assumptions and methodology used brings the SurgiCenter back to approximately 11,700 surgical cases per year in the third year following project completion (FY25).

In Section Q, the applicant calculated OR need for VMC and SurgiCenter as shown in the tables below. Without the proposed additional OR applied for in this application, the calculations show a need for two additional ORs at VMC in the first two project years and a need for three additional ORs in the third project year. In addition, the calculations show a need for two additional ORs at SurgiCenter in all three project years.

VMC: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2023	Year 2 FFY2024	Year 3 FFY2025
A	Inpatient Surgical Cases	11,394	11,508	11,623
B	Inpatient Surgical Case Times (in Minutes)	188	188	188
C	Inpatient Surgical Hours	35,702	36,059	36,420
D	Outpatient Surgical Cases	10,518	10,623	10,729
E	Outpatient Surgical Case Times (in Minutes)	130	130	130
F	Outpatient Surgical Hours	22,789	23,016	23,247
G	Total Surgical Cases (Row A + Row D)	21,912	22,131	22,353
H	Total Surgical Hours (Row C + Row F)	58,491	59,076	59,666
I	Group Assignment	1	1	1
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	30	30	31
L	Approved OR capacity**	28	28	28
M	OR Surplus/ (Deficit) at VMC	(2)	(2)	(3)
N	ORs Applied for in this Application (Q-12189-22)	1	1	1

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP.

**Number of ORs VMC is currently approved for not including ORs which are excluded from the planning inventory (4 C-Section ORs and 1 Trauma OR). Furthermore, this does not include the one additional OR applied for in this application.

SurgiCenter: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2023	Year 2 FFY2024	Year 3 FFY2025
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	11,439	11,611	11,727
E	Outpatient Surgical Case Times (in Minutes)	79.3	79.3	79.3
F	Outpatient Surgical Hours	15,119	15,346	15,499
G	Total Surgical Cases (Row A + Row D)	0	0	0
H	Total Surgical Hours (Row C + Row F)	15,119	15,346	15,499
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	12	12	12
L	Approved OR capacity**	10	10	10
M	OR Surplus/ (Deficit) at SurgiCenter	(2)	(2)	(2)
N	ORs Applied for at SurgiCenter in this Application (Q-12189-22)	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP.

**Number of ORs SurgiCenter is currently approved for.

The project analyst notes that VMC demonstrates a need for one additional OR based on its last full fiscal year of historical utilization (FY2021) even if no growth is projected in the

number of IP and OP surgical cases at VMC from FY2021 through the third project year (FY2025), as shown in the table below:

VMC: Historical OR Utilization

Row	Operating Rooms	Last Full Historical Year FFY2021
A	Inpatient Surgical Cases	11,226
B	Inpatient Surgical Case Times (in Minutes)	188
C	Inpatient Surgical Hours	35,175
D	Outpatient Surgical Cases	10,362
E	Outpatient Surgical Case Times (in Minutes)	130
F	Outpatient Surgical Hours	22,452
G	Total Surgical Cases (Row A + Row D)	21,588
H	Total Surgical Hours (Row C + Row F)	57,626
I	Group Assignment	1
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed* (Row H / Row J)	30
L	Approved OR capacity** [# of ORs VMC has]	28
M	OR Surplus/ (Deficit) at VMC	(2)
N	ORs Applied for in this Application (Q-12189-22)	1

Source: Section Q, Form C, page 96.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP.

**Number of ORs VMC is currently approved for not including ORs which are excluded from the planning inventory (4 C-Section ORs and 1 Trauma OR). . Furthermore, this does not include the one additional OR applied for in this application.

The project analyst notes that SurgiCenter demonstrates a need for one additional OR based on its last full fiscal year of historical utilization (FY2021) even if no growth is projected in the number of OP surgical cases at SurgiCenter from FY2021 through the third project year (FY2025), as shown in the table below:

SurgiCenter: Historical OR Utilization

Row	Operating Rooms	Last Full Historical Year FFY2021
A	Inpatient Surgical Cases	0
B	Inpatient Surgical Case Times (in Minutes)	0
C	Inpatient Surgical Hours	0
D	Outpatient Surgical Cases	11,215
E	Outpatient Surgical Case Times (in Minutes)	79.3
F	Outpatient Surgical Hours	14.822
G	Total Surgical Cases (Row A + Row D)	0
H	Total Surgical Hours (Row C + Row F)	14,882
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed* (Row H / Row J)	11.34
L	Approved OR capacity **	10
M	OR Surplus/ (Deficit) at SurgiCenter	(1)
N	ORs Applied for at SurgiCenter in this Application (Q-12189-22)	0

Source: Section Q, Form C. page 100

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP.

**Number of ORs SurgiCenter is currently approved for.

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

- The applicant’s projections of total inpatient and outpatient surgical case volumes by year at its existing surgical facilities are supported by the historical growth rates of surgical case volumes.
- The applicant projected a return to pre-COVID surgical case volumes at SurgiCenter by the third project year (FY2025).
- Applicant’s historical volumes in FY2021, the most recent year for which historical data is available, at both VMC and SurgiCenter were sufficient to support a need for an additional OR at VMC even if there was no growth projected from FY2021 through the third project year of FY2025.

Access to Medically Underserved Groups

In Section C, page 46, the applicant states:

“VMC has an obligation to accept any eastern NC resident requiring medically necessary treatment. ... VH’s Policy on Patient Rights expressly states ‘[Patients] have the right to treatments without discrimination based on age, ethnicity, race, color, religion, culture, language, national origin, sex, gender identity or expression, sexual orientation, physical or mental disability, socioeconomic status, or source of payment.’”

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

Medically Underserved Groups	Percentage of Total Patients Operating Room Services
Low income persons*	n/a
Racial and ethnic minorities	46.1%
Women	51.4%
Persons with Disabilities*	n/a
Persons 65 and older	36.5%
Medicare beneficiaries	42.5%
Medicaid recipients	15.5%

Source: Table on page 47 of the application.

*VMC does not collect patient level data related to handicapped status or personal income.

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 to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

CA

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

In Section E, page 56, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo*- The applicant states that maintaining the status quo would not ensure VMC enough operating rooms to meet current and projected patient need, improve patient, staff and physician satisfaction, expand services, contain costs, or increase efficiency. Therefore, the applicant states that this was not the most effective or least costly alternative.
- *Extend the Operating Hours*- The applicant states that VMC has extended normal operating hours however, it is not a cost-effective solution. The additional staff needed to support extended hours significantly increases operating expenses. In addition to being cost prohibitive, the extended hours negatively impact staff, physician and patient morale. Therefore, the applicant states that this was not the most effective or least costly alternative.
- *Add an additional OR at SurgiCenter*- The applicant state that the SurgiCenter does not have the capability to do either inpatient procedures or as complex surgeries as can be performed at VMC. Therefore, the applicant states that this was not the most effective alternative.
- *Add an OR to surgical office within HAS VI*- The applicant has outpatient single specialty surgical offices within the Pitt/Greene/Hyde/Tyrell service area and considered adding an operating room to one of these offices. However, this option is limiting in that only one type of patient would be treated, this facility would not be able to provide the full range of surgical services even if an additional OR was added. Therefore, the applicant states that this was not the most effective or least costly 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 proposed project meets the adjusted need determination in the 2022 SMFP for one additional operating room in Pitt County.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

1. **Pitt County Memorial Hospital, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than one OR pursuant to the 2022 SMFP need determination for a total of no more than 30 ORs (excluding four C-Section operating rooms) upon project completion.**
3. **Upon completion of the project, Vidant Medical Center shall be licensed for no more than 34 operating rooms (29 operating rooms, four C-Section operating rooms and one trauma operating room).**
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. **The first progress report shall be due on October 1, 2022.**
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:**
7. **Payor mix for the services authorized in this certificate of need.**
 - a. **b. Utilization of the services authorized in this certificate of need.**
 - b. **Revenues and operating costs for the services authorized in this certificate of need.**
 - c. **Average gross revenue per unit of service.**
 - d. **Average net revenue per unit of service.**
 - e. **Average operating cost per unit of service.**

8. 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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

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.

Construction Costs	\$15,000
Miscellaneous Costs	\$210,000
Total	\$225,000

In Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides a certified cost estimate for all the capital costs from an architect. See Exhibit 12.
- The applicant bases its costs both the equipment and construction on similar projects it has undertaken in the past.

In Section F.3, pages 60-61, the applicant states there will be no start-up costs or initial operating expenses because VMC is an existing hospital.

Availability of Funds

In Section F.2, page 58, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Pitt County Memorial Hospital, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$225,000	\$225,000
Bonds	\$	\$
Other (Specify)	\$	\$
Total Financing	\$225,000	\$225,000

* OE = Owner's Equity

Exhibit 8 contains a letter dated February 7, 2022 from the Chief Financial Officer for Vidant Health (VH), parent company to VMC, documenting the availability of enough accumulated reserves for the capital needs of the proposed project. Exhibit 9 contains the audited financial statements of Vidant Health that show that as of September 30, 2021, Vidant Health had \$156 million in cash and cash equivalents and a total net position of \$1.396 billion.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- Exhibit 8 contains a letter from the Chief Financial Officer for Vidant Health that documents both the availability and commitment of sufficient funds to finance the proposed project.
- Exhibit 9 contains a copy of VH's balance sheet as of September 30, 2021, showing adequate funds and revenue necessary to cover the capital costs of the project.

Financial Feasibility

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

	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
Total Surgical Cases	21,912	22,131	22,353
Total Gross Revenues (Charges)	\$1,280,652,041	\$1,325,795,026	\$1,372,529,300
Total Net Revenue	\$440,197,403	\$455,714,362	\$471,778,293
Average Net Revenue per Surgical Case	\$20,089	\$20,592	\$21,016
Total Operating Expenses (Costs)	\$394,938,492	\$409,236,178	\$424,075,650
Average Operating Expense per Surgical Case	\$18,024	\$18,492	\$18,972
Net Income	\$45,258,911	\$46,478,184	\$47,702,642

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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

N.C.G.S. §131E-176(24a) states: “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” On page 49, the 2022 SMFP states, “*An OR’s service area is the single or multicounty grouping shown in Figure 6.1.*” VMC is in Pitt County. In Figure 6.1, page 55 of the 2022 SMFP, Pitt County is shown as part of the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area. Thus, the operating room service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area, and the inpatient and outpatient case volumes for each provider, from Table 6A, page 64, and Table 6b, page 78, of the 2022 SMFP.

Pitt County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	IP Surgery Cases	OP Surgery Cases
Vidant Surgi Center	0	10	0	0	0	0	9,994
Vidant Medical Center	7	0	26	-5	0	11,356	8,549
Total	7	10	26	-5	0	11,356	18,543

Source: 2022 SMFP

In G, page 66, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Pitt County. The applicant states:

“The proposed project is not designed to address the inadequacy or inability of existing providers. The proposed project is intended to increase capacity, access, and quality of the services provided by VMC and to address current and future demand.”

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

- There is a need determination in the 2022 SMFP for the one additional operating room in the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area and the applicant proposes to develop one operating room in Pitt County.
- The applicant adequately demonstrates that the proposed operating room is needed in addition to the existing or approved operating rooms in the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area

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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

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

Positions	Current FTE Staff	Projected FTE Staff
	(9/30/2021)	3rd Full Fiscal Year (10/1/2024 – 9/30/3035)
Assistant Nurse Manager	5.4	5.4
Care Partner	8.9	8.9
Lead Surgical Technologist	3.4	3.4
Nursing Assistant	13.1	13.1
Nurse Manager	1.0	1.0
Operating Room Assistant	22.9	22.9
OR Manager	1.0	1.0
OR Scheduler	0.4	0.4
Secretary	1.8	1.8
Senior Secretary	0.6	0.6
Staff Nurse	145.3	148.3
Supv. Operating Room	1.1	1.1
Surgical First Assistant	3.9	3.9
Surgical Manager	1.4	1.4
Surgical Technologist	60.2	61.2
TOTAL	270.5	274.5

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 Section H.2 and H.3, pages 68-70, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

Ancillary and Support Services

In Section I.1, page 71, the applicant identifies the necessary ancillary and support services for the proposed services. On page 71, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit 10. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the fact that VMC is an existing hospital, currently provides all necessary ancillary and support services for its existing surgical services and has the capacity in place to support an additional operating room.

Coordination

In Section I, pages 72-73, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 10. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- VMC is an existing academic teaching hospital which has served Pitt County and eastern North Carolina for years with long-standing relationships with home healthcare and hospice agencies, emergency medical services, social services, referral hospitals local healthcare providers, pharmacies and long-term care institutions. See Exhibit 10 for a list of facilities with which VMC has an official relationship.

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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

In Section K, page 75, the applicant states that the project involves renovating 796 square feet of existing space. Line drawings are provided in Exhibit 11.

On pages 75-76, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant provides a cost certification letter from the Vice President of VMC's Facilities and Properties who is also a registered architect. See Exhibit 12.
- The proposed operating room will be in existing space designed to provide for surgery.
- The proposed space for the is located within the existing surgical suite which allows for economies of scale related to shared resources.

On pages 75-76, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The project proposes to utilize a currently decommissioned operating room already built at VMC which requires limited refurbishments and renovation resulting in the least cost possible to add an additional OR.
- The proposed space for the is located within the existing surgical suite which allows for economies of scale related to shared resources.

On page 76, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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;

In Section L, page 79, the applicant provides the historical payor mix during the last FFY (10/1/2020 – 9/30/2021) for VMC as shown in the table below.

VMC

Payor Category	Percent of Total Patients Served
Self-Pay	8.9%
Charity Care*	0.0%
Medicare	35.8%
Medicaid	23.9%
Insurance	27.1%
Workers Compensation	0.6%
TRICARE	1.3%
Other (specify)	2.4%
Total	100.0%

Source: Table on page 79 of the application.

*VMC does not have a payer classification for “Charity Care”. Charity care represents the amount of uncollected accounts that are “forgiven” based on special circumstances.

In Section L, page 80, 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	58.20%	52.00%
Male	42.80%	48.00%
Unknown	0.00%	0.00%
64 and Younger	77.40%	84.50%
65 and Older	22.60%	14.50%
American Indian	0.20%	0.70%
Asian	0.25%	1.90%
Black or African American	41.70%	35.80%
Native Hawaiian or Pacific Islander	0.25%	0.60%
White or Caucasian	49.20%	53.40%
Other Race	2.20%	n/a
Declined / Unavailable	1.98%	n/a

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, paged 81-82, the applicant states:

“As a not-for-profit 501c3 organization, VMC has an obligation to accept any eastern NC resident requiring medically necessary treatment. ... VMC is also bound by the Hill-Burton Community Services obligation to provide equal access to care without discrimination and without regard to race, color, creed, national origin, or source of payment. VMC has fulfilled its required volume of uncompensated care services in compliance with Hill-Burton regulations.”

In Section L, page 82, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights equal access complaints have been filed against VMC.

The Agency reviewed the:

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

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

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

C

In Section L, page 83, the applicant projects the following payor mix for the proposed services during the third full fiscal year (10/1/2024 – 9/30/2025) of operation following completion of the project, as shown in the table below.

VMC

Payor Category	Percent of Total Patients Served
Self-Pay	8.9%
Charity Care*	0.0%
Medicare	35.8%
Medicaid	23.9%
Insurance	27.1%
Workers Compensation	0.6%
TRICARE	1.3%
Other (specify)	2.4%
Total	100.0%

Source: Table on page 83 of the application.

*VMC not have a payer classification for "Charity Care". Charity care represents the amount of uncollected accounts that are "forgiven" based on special circumstances.

VMC: Operating Room

Payor Category	Percent of Total Patients Served
Self-Pay	6.3%
Charity Care*	0.0%
Medicare	42.5%
Medicaid	15.5%
Insurance	32.6%
Workers Compensation	0.9%
TRICARE	1.7%
Other (specify)	0.5%
Total	100.0%

Source: Table on page 83 of the application.

*VMC does not have a payer classification for "Charity Care". Charity care represents the amount of uncollected accounts that are "forgiven" based on special circumstances.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.3% of total operating room services will be provided to self-pay patients, 42.5% to Medicare patients and 15.5% to Medicaid patients.

On page 83, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant based projected percentages on the historical percentages of the existing surgical services.
- Projected percentages were based on actual FY21 data.

The Agency reviewed the:

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

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

- (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 85, 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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

In Section M, pages 86-87, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit 14. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- VMC being an academic medical center with clinical training being a primary component of its mission.
- The list of educational institutions and programs that VH and VMC have formal relationships with provided in Exhibit 14.

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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

N.C.G.S. §131E-176(24a) states: “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” On page 49, the 2022 SMFP states, “*An OR’s service area is the single or multicounty grouping shown in Figure 6.1.*” VMC is in Pitt County. In Figure 6.1, page 55 of the 2022 SMFP, Pitt County is shown as part of the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area. Thus, the operating room service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in the Pitt/Greene/Hyde/Tyrrell multicounty operating room service area, and the inpatient and outpatient case volumes for each provider, from Table 6A, page 64, and Table 6b, page 78, of the 2022 SMFP.

Pitt County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	IP Surgery Cases	OP Surgery Cases
Vidant Surgi Center	0	10	0	0	0	0	9,994
Vidant Medical Center	7	0	26	-5	0	11,356	8,549
Total	7	10	26	-5	0	11,356	18,543

Source: 2022 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, pages 88-89, the applicant states:

“The proposed project will foster competition... VMC’s mission is to improve the health status of the region. VMC is dedicated to offering needed surgical services to anyone in the community, especially the medically underserved populations....Because of all this, the proposed project will improve quality, reduce patient costs and increase patient access to the latest advancements in surgical services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 88, the applicant states:

“VMC will also use the advanced capabilities of the proposed new operating room to enhance the quality of surgical services to patients in ENC. These efforts will contain costs ... the proposed project will promote high quality, cost-effective services, while providing enhanced access to primary care, specialists and diagnostic and treatment services.”

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 88, the applicant states:

“VMC will use the experience it has in providing surgical services to provide the highest quality services to it patients. ... VMC’s comprehensive quality assurance program ensures continuation of a high standard of care for all people in the service area. ... VMC will also use the advanced capabilities of the proposed new operating room to enhance the quality of surgical services... As the only tertiary medical center in eastern NC, VMC offers additional support and ancillary services on-site and provides care to complex patients.”

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 88, the applicant states:

“VMC’s mission is to improve the health status of the region. VMC is dedicated to offering needed surgical services to anyone in the community, especially the medically underserved populations. VMC will us the proposed additional operating room to assure services are available to all members of the community – particularly the medically underserved.”

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

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.

C

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

In Section Q, Form O, page 122, the applicant identifies nine hospitals and four ambulatory surgical centers located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, applicant identifies a total of 13 of these types of facilities located in North Carolina.

In Section O, page 92, the applicant states that, during the 18 months immediately preceding the submittal of the application, one incident related to quality of care occurred in VMC. The applicant states VMC was determined to be back in compliance on November 23, 2020. According to the files in the Acute and Home Care Licensure 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 one of these facilities, Vidant Beaufort Hospital, and that facility was back in compliance as of November 8, 2021. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all thirteen 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

PCMH, Inc. proposes to develop one additional OR at VMC in Greenville pursuant to the need determination in the 2022 SMFP.

The application is conforming with all applicable Criteria and Standards for Surgical Services and Operating Rooms, NCAC 14C .2100. The specific criteria are discussed below.

SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS

10A NCAC 14C .2103 PERFORMANCE STANDARDS

(a) *An applicant proposing to increase the number of operating rooms, excluding dedicated C-section operating rooms, in a service area shall demonstrate the need for the number of proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan. The applicant is not required to use the population growth factor.*

-C- PCMH, Inc. proposes to develop one additional operating room at VMC in Greenville. The service area is the Pitt/Greene/Hyde/Tyrell multicounty operating room service area. There are no ORs in Greene, Hyde or Tyrell counties. The only two facilities

with ORs in Pitt County are VMC and SurgiCenter. VMC and SurgiCenter are separately licensed, however, they are related entities. In Section Q, the applicant projects sufficient surgical cases and hours to demonstrate the need for one additional OR in the applicant's health system in the third operating year of the project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(b) The applicant shall provide the assumptions and methodology used for the projected utilization required by this Rule.

-C- In Section Q, Form C, pages 96-108, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.