

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: October 21, 2022

Findings Date: October 21, 2022

Project Analyst: Gregory F. Yakaboski

Co-Signer: Gloria C. Hale

Project ID #: G-12231-22

Facility: Atrium Health Wake Forest Baptist Ambulatory Surgical Center- Greensboro

FID #: 220443

County: Guilford

Applicant: Premier Surgery Center, LLC

Project: Develop a new multispecialty ASF by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms

### 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

Premier Surgery Center, LLC (hereinafter referred to as “PSC LLC” or “the applicant”) proposes to develop a new multispecialty ambulatory surgery facility (ASF) by relocating no more than 2 operating rooms (ORs) from High Point Surgery Center (HPSC) and no more than one OR from Premier Surgery Center (Premier or PSC) for a total of no more than 3 ORs and three procedure rooms. The proposed new multispecialty ASF will be known as Atrium Health Wake Forest Baptist Ambulatory Surgical Center-Greensboro (AHWFBASC-Greensboro or Greensboro ASF). Greensboro ASF will be located at 2909 Horse Pen Creek Road in Greensboro and offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

In Section C.1, page 29, the applicant states that Greensboro ASF will provide outpatient surgical services in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology; as such, the ASF will be a multispecialty ambulatory surgical program as defined at §131E-176.15a, “a formal program for providing on a same-day basis surgical procedures for at least three of the following specialty areas: gynecology, otolaryngology, plastic surgery, general surgery, ophthalmology, orthopedic, or oral surgery.”

The applicant states that in October 2020, Atrium Health and Wake Forest Baptist “announced their merger as a single enterprise, Atrium Health.” (See page 22 of the application.) In this application Atrium Health is also referred to as Atrium Health Wake Forest Baptist (AHWFB). In Guilford County AHWFB ultimately controls three facilities with OR’s: High Point Regional Medical Center (HPMC), HPSC and Premier Surgery Center. (See application page 23.) Per the 2022 State Medical Facilities Plan (SMFP) these three facilities have a total of 19 ORs [3 inpatient (IP) ORs; 8 outpatient (OP) ORs and 8 shared ORs] as shown in the table below.

Facility	IP ORs	OP ORs	Shared ORs	Total ORs
High Point Surgery Center	0	6	0	6
Premier Surgery Center	0	2	0	2
High Point Regional Health	3	0	8	11
<b>Total Atrium Health Guilford County ORs</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>19</b>

Source: Table 6A, page 60, 2022 SMFP

The following table shows the number of ORs per Atrium Health facility upon project completion. The project analyst notes that there will be no increase or decrease in the number of overall Atrium Health controlled ORs in Guilford County upon project completion.

Facility	IP ORs	OP ORs	Shared ORs	Total ORs	Total Change
Greensboro ASF	0	3	0	3	+3
High Point Surgery Center	0	4	0	4	-2
Premier Surgery Center	0	1	0	1	-1
High Point Regional Health	3	0	8	11	0
<b>Total Atrium Health Guilford County ORs</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>19</b>	<b>19</b>

**Need Determination**

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2022 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

**Policies**

There is one policy in the 2022 SMFP applicable to the review.

**Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities**, on pages 30-31 of the 2022 SMFP, states:

*“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

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

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

The capital expenditure of the project is over \$4 million. In Section B, pages 26-28, the applicant describes its plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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:

- The applicant does not propose to develop any beds, services or equipment for which there is a need determination in the 2022 SMFP.
- The applicant does not propose to add any new ORs to the inventory of ORs in Guilford County.

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 based on the following reason:
    - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

### C

The applicant, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

#### **Patient Origin**

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Guilford and Caswell counties are shown as a multicounty operating room service area. The proposed Greensboro ASF is in Guilford County. Thus, the service area for this application is Guilford and Caswell counties. Facilities may also serve residents of counties not included in the service area.

The following table illustrates projected patient origin.

**Operating Rooms: Greensboro ASF Projected Patient Origin**

County	1st Full FY 10/1/2024 – 9/30/2025		2nd Full FY 10/1/2025-9/30/2026		3rd Full FY 10/1/2026-9/30/2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Guilford	783	68.7%	1,192	67.0%	1,555	65.6%
Randolph	139	12.2%	233	13.1%	329	13.9%
Davidson	122	10.7%	206	11.5%	290	12.2%
Forsyth	26	2.2%	43	2.4%	61	2.6%
Rockingham	49	4.3%	69	3.9%	83	3.5%
Other NC Counties*	18	1.6%	30	1.7%	43	1.8%
Other States	4	0.3%	7	0.4%	9	0.4%
<b>Total</b>	<b>1,140</b>	<b>100.0%</b>	<b>1,780</b>	<b>100.0%</b>	<b>2,371</b>	<b>100.0%</b>

Source: Table on page 34 of the application.

\*Includes all other North Carolina counties, each of which represents less than 1% of total patient origin.

**Procedure Rooms: Greensboro ASF Projected Patient Origin**

County	1st Full FY 10/1/2024 – 9/30/2025		2nd Full FY 10/1/2025-9/30/2026		3rd Full FY 10/1/2026-9/30/2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Guilford	591	49.9%	596	49.9%	602	49.9%
Randolph	290	24.5%	293	24.5%	296	24.5%
Davidson	128	10.8%	129	10.8%	130	10.8%
Forsyth	48	4.1%	49	4.1%	49	4.1%
Rockingham	37	3.1%	37	3.1%	37	3.1%
Other NC Counties*	65	5.5%	65	5.5%	66	5.5%
Other States	24	2.1%	25	2.1%	25	2.1%
<b>Total</b>	<b>1,183</b>	<b>100.0%</b>	<b>1,194</b>	<b>100.0%</b>	<b>1,206</b>	<b>100.0%</b>

Source: Table on page 34 of the application.

\*Includes all other North Carolina counties, each of which represents less than 1% of total patient origin.

**Entire Facility: ORs and Procedure Rooms: Greensboro ASF Projected Patient Origin**

County	1st Full FY		2nd Full FY		3rd Full FY	
	10/1/2024 – 9/30/2025		10/1/2025-9/30/2026		10/1/2026-9/30/2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Guilford	1,374	59.1%	1,789	60.1%	2,158	60.3%
Randolph	429	18.5%	526	17.7%	625	17.5%
Davidson	250	10.8%	335	11.2%	421	11.8%
Forsyth	74	3.2%	92	3.1%	110	3.1%
Rockingham	86	3.7%	106	3.6%	120	3.4%
Other NC Counties*	83	3.6%	96	3.2%	109	3.0%
Other States	28	1.2%	31	1.0%	34	1.0%
<b>Total</b>	<b>2,323</b>	<b>100.0%</b>	<b>2,974</b>	<b>100.0%</b>	<b>3,577</b>	<b>100.0%</b>

Source: Table on page 36 of the application.

\*Includes all other North Carolina counties, each of which represents less than 1% of total patient origin.

In Section C, pages 34-36, and Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 37-54, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Improve Geographical Distribution of AHWFB ORs within Guilford County (see pages 37-42).
- Ambulatory Surgery Utilization in Guilford County (see pages 42-43).
- Projected Population Growth and Aging in Guilford County (see pages 43-47).
- Health Status of Guilford County Residents (see pages 47-48).
- Cost Effectiveness and Trends of Ambulatory Surgery at ASFs (see pages 48-51).
- Support from Physicians and AHWFB Strategic Growth Plans (see pages 51-52).
- Economic Development in Guilford County (see pages 52-53).
- Impact of COVID-19 (see pages 53-54).

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

- The applicant provides information regarding population growth in Guilford County based on data from the North Carolina Office of State Budget and Management (NCOSBM).
- The applicant provides information and data to show that Guilford County residents will continue to need access to surgical services based on health status.
- The applicant provides information and data supporting Greensboro as both population and business hub with access to major traffic corridors.
- The applicant provides letters of physician support for the proposed project.

- The applicant provides information regarding how the proposed project improves geographic distribution of ORs ultimately controlled by AHWFB within Guilford County.

Projected Utilization

Greensboro ASF

In Section Q, page 196, the applicant provides projected utilization at Greensboro ASF, as illustrated in the following tables.

**Greensboro ASF: Projected OR Cases**

Surgical Cases	Year 1 FFY 2025	Year 2 FFY 2026	Year 3 FFY 2027
# of ORs	3	3	3
OP Cases	1,140	1,780	2,371
Total Cases	1,140	1,780	2,371

**Greensboro ASF: Procedure Room Cases**

Procedure Room Cases	Year 1 FFY 2025	Year 2 FFY 2026	Year 3 FFY 2027
# of Procedure Rooms	3	3	3
# of Procedures	1,183	1,194	1,206
Total # of Procedures	1,183	1,194	1,206

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

OR-Surgery Cases

Step #1: Historical and Projected Surgical Cases at AHWFB Guilford County Facilities (See pages 130-131.)

**Historical Ambulatory Surgery Cases at AHWFB facilities in Guilford County**

	FFY2016	FFY2017	FFY2018	FFY2019	FFY2020	FFY2021	5-yr CAGR
HPSC	4,211	4,587	4,424	4,151	3,384	3,671	-2.7%
Premier	16	29	9	258	309	561	103.7%
HPMC	2,211	2,897	2,602	3,026	3,015	3,601	10.2%
Combined	6,438	7,513	7,035	7,435	6,708	7,833	4.0%

The combined 5-yr CAGR for ambulatory surgery cases in AHWFB facilities in Guilford County for FFY2016 – FFY2021 was 4.0%.

To project OP (Ambulatory) and IP surgery cases for FFY2022 – FY2027 the applicant projected OP surgery case growth at 1.33% and IP surgery case growth at 0.96% (equal to the projected Guilford County annual population growth) as shown in the table below.

Comments made by The Moses H. Cone Memorial Hospital suggest the applicant should not have used ambulatory surgery cases from HPMC in determining the growth rate it used, stating

that the historical growth rate of only the two combined ASFs was 0.02%. The project analyst notes that while no ORs are projected to be relocated from the hospital (HPMC) as part of the proposed project, the pre-COVID 3-year CAGR (FFY2016 – FFY2019) of surgery cases for the combined two ASF’s, HPSC and Premier Surgery Center, was 1.42%, which is greater than the growth rate of 1.33% utilized by the applicant to project utilization. Moreover, the applicant provides a table in Section C, page 42, that shows from FFY2016-FFY2019 Guilford County ambulatory surgery cases had a CAGR of 2.0%. Therefore, the Agency finds the applicant’s use of a CAGR of 1.33% to be reasonable and adequately supported.

**Projected OP (Ambulatory) and IP Surgery Cases at AHWFB facilities in Guilford County**

	FFY 2021	FFY2022	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	5-yr CAGR
OP Cases								
HPSC	3,671	3,720	3,820	3,820	3,871	3,922	3,975	1.33%
Premier	561	568	576	584	592	599	607	1.33%
HPMC	3,601	3,649	3,698	3,747	3,797	3,848	3,899	1.33%
Combined OP Cases	7,833	7,937	8,044	8,151	8,260	8,369	8,481	1.33%
IP Cases								
HPMC		2,350	2,373	2,396	2,419	2,442	2,466	0.96%
Combined OP & IP Cases		10,287	10,417	10,547	10,679	10,811	10,947	1.25%

**Step #2: Projected Guilford County Ambulatory Surgery Demand (See page 131)**

**Historical Ambulatory Surgery Use Rate in Guilford County per 1,000 Population for FFY2014-FFY2021**

	FFY2014	FFY2015	FFY2016	FFY2017	FFY2018	FFY2019	FFY2020	FFY2021
Cases	42,198	40,599	40,923	42,268	41,719	43,369	36,411	41,205
Population	512,560	517,510	524,983	529,098	535,150	538,536	542,255	547,379
Use Rate	82.33	78.45	77.95	79.89	77.96	80.53	67.15	75.28

Note: Totals might not foot due to rounding.

The applicant notes that the average use rate per 1,000 population between FFY2014 and FFY2019 was 79.52. This excludes data from FFY2020 and FFY2021 to account for the negative impact of COVID-19.

The average use rate per 1,000 population between FFY2014 and FFY2021 (excluding FFY2020 due to the impact of COVID-19) was 78.91.

To project OP (Ambulatory) Surgery in Guilford County from FFY2022 – FFY2027 (3<sup>rd</sup> Project Year) the applicant used a lower use rate of 77.44 per 1,000 population, as shown in the table below.



**Projected OP Surgery Use Rate in Guilford Count per 1,000 Population**

	FFY2022	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027
Use Rate	77.44	77.44	77.44	77.44	77.44	77.44
Population	552,646	558,231	563,692	569,077	574,417	579,731
Cases	42,798	43,230	43,653	44,070	44,484	44,895

Note: Totals might not foot due to rounding.

*Overview:* Steps #3-#5 the project utilization at Greensboro ASF from three sources: #1) Organic Growth; #2) “Shift” of patients from HPSC; #3 “Shift” of patients from Premier Surgery Center. The project analyst notes that the applicant does not project any “shift” of patients from HPMC.

Step #3: Projected AHWFBASC-Greensboro Ambulatory Surgery Organic Utilization (See page 132)

**Projected Organic Utilization at Greensboro ASF**

	FFY2025	FFY2026	FFY2027
Guilford County OP Surgery Cases	44,070	44,484	44,895
WBF ASF Market Share	1.5%	2.5%	3.5%
WBF ASH OP Surgery Cases	661	1,112	1,571

The applicant projects that Greensboro ASF will grow organically based on:

- Geographic location in Greensboro with ease of access.
- Letters of support from physician and healthcare providers.
- AHWFBs reputation for high-quality service, easy access and convenience.
- Cost savings of a freestanding (non-hospital based) facility.

The applicant projected a “ramp up” in projected market share of 1.5%; 2.5% and 3.5% respectively over the first three project years as shown in the table above.

Step #4: Shift of Procedures from HPSC and Premier to AHWFBASC-Greensboro (See pages 132-134,140 and 144)

Row		FFY2025	FFY2026	FFY2027
A	<b>HPSC Cases</b>			
B	Projected HPSC OP Cases	3,871	3,922	3,975
C	HPSC OP Cases "Shift" to WBF ASF*	398	555	665
D	Total HPSC Cases After Shift	3,472	3,367	3,310
E	% of Cases Shifted**	10.3%	14.2%	16.7%
F	<b>Premier Cases</b>			
G	Projected Premier Cases	592	599	607
H	Premier OP Cases "Shift" to WBF ASF*	81	113	135
I	Total Premier Cases After Shift	511	487	472
J	% of Cases Shifted**	13.7%	18.9%	22.2%

Note: Totals may not foot due to rounding.

\*Rows C and H represent the shift of cases from just fourteen ZIP codes.

\*\*Rows E and J represent the those shifted cases as a percentage of the overall projected cases for HPSC and Premier in each of the first three project years.

The applicant projects that some ambulatory surgery patients from fourteen ZIP codes will "shift" from HPSC and Premier Surgery Center in High Point to Greensboro ASF in Greensboro. The applicant projects a ramping up of this "shift" of 40%; 55% and 65% respectively over the first three project years, as shown in the table above. Several factors support this projected "shift" including:

- Proximity to referring physicians located in Greensboro and central Guilford County.
- Full-time availability of a new ASF.
- Reduced travel burden/ease of access for patients from various parts of Guilford County, surrounding communities and, in particular, Greensboro where many people work and live.

Step #5 (Part 1): Total Projected AHWFBASC-Greensboro Ambulatory Surgical Cases (See page 135)

**Surgery Cases: Projected**

	FFY2025	FFY2026	FFY2027
Organic Utilization	661	1,112	1,571
Cases "Shifted" from HPSC	398	555	665
Cases "Shifted" from Premier	81	113	135
Total OP Surgery Cases	1,140	1,780	2,371

Procedure Cases

In Section Q, page 137, the applicant provides the assumptions and methodology used to project procedure room utilization, which is summarized below.

	FFY2025	FFY2026	FFY2027
Interventional Pain Management (IPM) Procedures “Shifted”	1,183	1,194	1,206
% Change	na	0.96%	0.96%

- The applicant performs thousands of interventional pain management (IPM) procedures at its High Point ASF each year.
- The applicant projects that 50.0% of its IPM will “shift” to Greensboro ASF.
- IPM Procedures in FFY 2021 totaled 2,365. Fifty percent of 2,365 is equal to 1,183 IPM procedures which equals projected utilization at Greensboro ASF in Project Year One (FFY2025).
- The applicant projected IPM procedure growth at Greensboro ASF using the annual Guilford County population growth of 0.96%.

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

- The applicant relied, in part, on population data from the NCOSBM, for both overall population growth and to demonstrate the projected growth rate of the 65+ population cohort. The 65+ population cohort has been demonstrated to more likely need health services including ambulatory surgery services.
- The applicant relied on projected growth rates supported by historical data.
- The applicant is relocating ORs to Greensboro, the population and business center of Guilford County. In addition, Greensboro is centrally located in Guilford County and has easy access to major traffic corridors.
- Ambulatory surgery at freestanding, non-hospital based facilities is less costly to patients and other payors and the applicant provided information regarding the continuing trend to increased use of ambulatory surgery facilities.
- In projecting overall ambulatory surgery cases in Guilford County through the third project year the applicant relied on historical data and projected forward using conservative growth rates and use rates.
- In FFY2021, the most recent year in which historical data is available, AHWFBH’s market share of OP surgery cases performed in Guilford County was 19.0% [7,833 OP surgery cases from HPSC, Premier, and HPMC / 41,205 – the total number of OP surgery cases performed in Guilford County = 19.0%]. In the third project year, FFY2027, AHWFBH’s projected market share of OP surgery cases performed in Guilford County will be 22.4% [10,052 OP surgery cases from HPSC, Premier, HPMC and Greensboro ASF / 44,895- the total number of OP surgery cases performed in Guilford County = 22.4%]. This is a gain of 3.4% of the overall market share. This is reasonable based, in part, on: the merger of Atrium Health and Wake Forest Baptist Hospital in October 2020; the development of a brand new, state of the art ASF in Greensboro with proximity to patients homes and work locations and referring physicians, projected growth of ASF utilization overall, and projected population growth -specifically population growth in Guilford County of the 65+ population cohort.

**Access to Medically Underserved Groups**

In Section C.6, page 60, the applicant states:

*“... all Guilford County residents (plus residents of other counties), including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, Medicare and Medicaid beneficiaries, and other underserved groups, will have access to AHWFBASC-Greensboro, as clinically appropriate. PSC is committed to providing services to all persons regardless of race, ethnicity, age, religion, creed, disability, national origin or ability to pay.”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients Operating Room Services</b>
Low income persons	13.3%
Racial and ethnic minorities	33.0%
Women	61.9%
Persons with Disabilities	7.8%
Persons 65 and older	37.4%
Medicare beneficiaries	49.5%
Medicaid recipients	6.2%

Source: Table on page 60 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
- Written comments
- Responses to comments
- 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.

## C

The applicant, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

The applicant proposes to relocate three existing licensed ORs within the Guilford/Caswell County operating room service area from HPSC and Premier Surgery Center to a new ASF. As discussed below, upon project completion, both HPSC and Premier Surgery Center will still have enough OR capacity to meet the needs of the population currently served. The project analyst notes that while the new ASF is projected to have three procedure rooms, no procedure rooms are projected to be relocated, eliminated or reduced by the proposed project.

### HPSC

In Section D, pages 65-67, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 65, the applicant states:

*“Following reduction of two ORs, HPSC will be licensed with four operating rooms. According to the 2022 SMFP, HPSC currently has a surplus of 3.36 ORs; therefore, according to the 2022 SFMP, HPSC would continue to have a surplus of ORs (3.36 – 2 = 1.36) following relocation of two ORs to establish the new Greensboro ASF. The proposed project will not reduce or eliminate any patient’s ability to obtain surgical services at HPSC, as HPSC will continue to have sufficient ORs on its license to meet projected need in the near term.”*

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

- In the 2022 SMFP, page 73, *Table 6B: Projecting Operating Room Need for 2024*, column M shows High Point Surgery Center with a projected surplus of 3.36 ORs as of 2024.
- HPSC currently has 6 ORs and will have 4 ORs upon project completion which would leave a surplus of 1.36 ORs at HPSC in 2024 per the 2022 SMFP.

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

### **HPSC: Projected OP (Ambulatory) Cases**

	FFY 2021	FFY2022	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	5-yr CAGR
HPSC	3,671	3,720	3,770	3,820	3,871	3,922	3,975	1.33%
“Shifted” to Greensboro ASF					398	555	665	
Total	3,671	3,720	3,820	3,820	3,472	3,367	3,310	

In Section Q, the applicant provides the assumptions and methodology used to project utilization. See the discussion regarding the assumptions and methodology in Criterion (3) which is incorporated herein by reference. Based on the merger of Atrium Health with Wake Forest Baptist in October 2020, the projected overall population growth (and specifically the projected growth of the 65+ cohort) in Guilford County, the continued projected increased use of ASFs in general and the location of the proposed ASF in Greensboro, and the projected shift of patients from area ZIP codes, HPSC’s projected utilization is reasonable.

The following OR need table further incorporates the projected utilization, assumptions and methodology to demonstrate that for the first three project years (FFY2025 – FFY2027) after project completion HPSC shows a surplus of ORs [1.35; 1.43; and 1.47, respectively].

**HPSC: Projected OR Utilization**

Row	Operating Rooms	Year 1 FFY2025	Year 2 FFY2026	Year 3 FFY2027
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	3,472	3,367	3,310
E	Outpatient Surgical Case Times (in hours)	1.0	1.0	1.0
F	Outpatient Surgical Hours	3,472	3,367	3,310
G	Total Surgical Cases (Row A + Row D)	3,472	3,367	3,310
H	Total Surgical Hours (Row C + Row F)	3,472	3,367	3,310
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)*	2.65	2.57	2.53
L	Existing ORs at HPSC**	4.0	4.0	4.0
M	ORs at HPSC: Surplus/ (Deficit)	1.35	1.43	1.47

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

\*# of ORs Needed at HPSC.

\*\*# of ORs at HPSC upon completion of proposed project. Prior to completion of this project (Project ID# G-12231-22) HPSC has six (6) existing and licensed ORs.

Premier Surgery Center

In Section D, pages 66-68, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 67, the applicant states:

*“Following reduction of one OR, PSC will be licensed with one operating room. According to the 2022 SMFP, PSC currently has a surplus of 1.76 ORs; therefore, according to the 2022 SFMP, PSC would have sufficient OR capacity following relocation of one OR to establish the new Greensboro ASF. The proposed project will not reduce or eliminate any patient’s ability to obtain surgical services at PSC, as PSC will continue to have sufficient licensed OR capacity to meet projected need in the near term.”*

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

- In the 2022 SMFP, page 73, *Table 6B: Projecting Operating Room Need for 2024*, column M shows that Premier Surgery Center with a projected surplus of 1.76 ORs as of 2024.
- Premier currently has 2 ORs and will have 1 OR upon project completion which would leave enough OR capacity in 2024 per the 2022 SMFP to meet projected need.

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

**Premier Surgery Center; Projected OP (Ambulatory) Cases**

	FFY 2021	FFY2022	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	5-yr CAGR
Premier	561	568	576	584	592	599	607	1.33%
Shift of OP Surgical Cases					81	113	135	
Total Surgical Cases	561	568	576	584	592	599	607	

Source: Table on page 144 of the application.

In Section Q, the applicant provides the assumptions and methodology used to project utilization. See the discussion regarding the assumptions and methodology in Criterion (3) which is incorporated herein by reference.

The following OR need table further incorporates the projected utilization, assumptions and methodology to demonstrate that for the first three project years (FFY2025 – FFY2027) after project completion Premier Surgery Center shows a surplus of ORs [0.61; 0.63; and 0.64, respectively].

**Premier: Projected OR Utilization**

Row	Operating Rooms	Year 1 FFY2025	Year 2 FFY2026	Year 3 FFY2027
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	511	487	472
E	Outpatient Surgical Case Times (in hours)	1.0	1.0	1.0
F	Outpatient Surgical Hours	511	487	472
G	Total Surgical Cases (Row A + Row D)	511	487	472
H	Total Surgical Hours (Row C + Row F)	511	487	472
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)	0.39	0.37	0.36
L	Existing ORs at Premier**	1.00	1.00	1.00
M	ORs at Premier: Surplus/ (Deficit)	0.61	0.63	0.64

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

\*# of ORs Needed at Premier.

\*\*# of ORs at Premier upon completion of proposed project. Prior to completion of this project (Project ID# G-12231-22) Premier has two (2) existing and licensed ORs.

**Access to Medically Underserved Groups**

HPSC & Premier Surgery Center

In Section D, pages 65-66, the applicant states,

*“HPSC will continue to offer ambulatory surgical services at its current High Point location, and therefore, this OR relocation will have no negative impact on the ability of any of the above-listed [low income persons; racial and ethnic minorities; women; persons with disabilities; persons 65 and older; Medicare beneficiaries; and Medicaid recipients] to obtain services. ... All Guilford County residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, Medicare and Medicaid beneficiaries, and other under served groups, will have access to the proposed Greensboro ASF, as clinically appropriate. ... As set forth in the financial statements included in Section Q, a significant portion of AHWFBASC-Greensboro services will be provided to Medicare, Medicaid and uninsured persons.”*

In Section D, page 67, the applicant states,

*“PSC will continue to offer ambulatory surgical services at its current High Point location, and therefore, this OR relocation will have no negative impact on the ability of any of the above-listed [low income persons; racial and ethnic minorities; women; persons with disabilities; persons 65 and older; Medicare beneficiaries; and Medicaid recipients] to obtain services. ... All Guilford County residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, Medicare and Medicaid beneficiaries, and other underserved groups, will have access to the proposed Greensboro*



*ASF, as clinically appropriate. ... As set forth in the financial statements included in Section Q, a significant portion of AHWFBASC-Greensboro services will be provided to Medicare, Medicaid and uninsured persons.”*

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use operating room services in an ASF will be adequately met following completion of the project.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
  - The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

In Section E, pages 71-73, 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-* AHWFB is the sole member of PSC LLC. Within Guilford County AHWFB only has operating rooms offering ambulatory surgery at three facilities (2 ASFs and one hospital). All three of these facilities are in the city of High Point.

Greensboro is the largest city in Guilford County. Greensboro is where many employees and patients of AHWFB reside. The proposed project is to develop a freestanding, multi-specialty ambulatory surgical facility with three ORs in Greensboro with the goal of providing cost-effective, timely and high-quality freestanding ambulatory surgical services for all residents of Guilford County in a convenient location. Therefore, the applicant states that maintaining the status quo with the three health facilities offering ambulatory surgery all located in High Point is not the most effective or least costly alternative.

- *Develop a Single Specialty ASF-* The applicant states that the three ORs proposed to be relocated to develop the proposed project currently support multispecialty ambulatory surgery. Free-standing ASFs are more cost-effective for outpatient surgery patients. Thus, limiting the proposed project to a single specialty would both reduce the effectiveness of the project in offering outpatient surgery patients a more cost-effective alternative and reduce the utility of the three ORs from their current use of supporting multispecialty surgical services to supporting just a single specialty surgical service. Therefore, the applicant states that this is not the most effective alternative.
- *Develop an ASF with a Different Number of Operating Rooms or Relocate ORs from HPMC-* The applicant considered developing either more ORs or less ORs as well as relocating ORs from High Point Medical Center (HPMC). AHWFB determined that based on need no ORs could be relocated from HPMC and, also based on patient need, not more than three ORs could be relocated, in total, from the HPSC and Premier facilities in High Point. Further, relocating less than three ORs to the new proposed facility is less effective in meeting projected utilization and documented physician interest in the new facility in Greensboro. Therefore, the applicant states that these are not the most effective alternatives.
- *Establish the ASF in a Different Geographic Location-* The proposed location would be in leased space within a planned medical office building (MOB) that has access to sewer, water and power and is appropriately zoned for the intended use. In addition, Greensboro is centrally located within Guilford County, is the county seat, a business center and the largest municipality in the County. The proposed location is located adjacent to major traffic corridors. Therefore, the applicant states that other geographic locations are not the most 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 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
- Written comments
- Responses to comments

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. Premier Surgery Center, LLC (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 develop a new multispecialty ASF by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms upon project completion.**
- 3. Upon completion of the project, Atrium Health Wake Forest Baptist Ambulatory Surgical Center- Greensboro shall be licensed for no more than three operating rooms and three procedure rooms.**
- 4. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. The certificate holder shall complete all sections of the Progress Report form.**
  - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. The first progress report shall be due on January 1, 2023.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 6. The certificate holder shall 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.**
- 7. 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:**

- 8. 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.**
  - 9. 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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

**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	\$1,906,732
Construction Costs	\$16,172,297
Miscellaneous Costs	\$12,054,144
<b>Total</b>	<b>\$30,133,173</b>

In Section F.1, page 74, Form F.1a, and Exhibit F.1, 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 construction, site and architect fees. See Exhibit F.1.

- The applicant bases its medical equipment, legal and consultant fees, IT, security, construction project management and other costs on vendor quotes, architect and PSC LLC’s experience.

In F.3, page 76, the applicant projects that start-up costs will be \$110,000 and initial operating expenses will be \$2,100,000 for a total working capital of \$2,210,000. On pages 76-77, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information regarding projected start-up costs and initial operating expenses provided on pages 76-77 of the application.

**Availability of Funds**

In Section F.2, pages 74-75, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Premier Surgery Center, LLC	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$30,133,173	\$30,133,173
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
<b>Total Financing</b>	<b>\$30,133,173</b>	<b>\$30,144,173</b>

\* OE = Owner’s Equity

In Section F.3, page 77, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$2,210,000
Lines of credit	\$0
Bonds	\$0
<b>Total *</b>	<b>\$0</b>

In Exhibit F.2, the applicant provides a letter dated May 16, 2022, from the Senior Vice President and Chief Financial Officer for Atrium Health Wake Forest Baptist (AHWFB) documenting that AHWFB is the sole member of Premier Surgery Center, LLC and that AHWFB will provide the funds for the capital and working capital costs of the proposed project.

Exhibit F.2 also contains a letter dated May 13, 2022, from the Administrative Director of Premier Surgery Center, LLC confirming that AHWFB is investing \$34 million in PSC LLC to develop the proposed ambulatory surgery center and that PSC LLC intends to use the funds for the proposed project.

Furthermore, Exhibit F.2 contains a copy of a portion of the audited combined balance sheets for AHWFB showing Cash and Cash Equivalents of \$332,500,000 as of December 31, 2021.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the documentation provided in Section F and Exhibits F.1 and F.2, as described above.

**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 second and third full fiscal years following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year 10/1/24-9/30/25</b>	<b>2<sup>nd</sup> Full Fiscal Year 10/1/25-9/30/26</b>	<b>3<sup>rd</sup> Full Fiscal Year 10/1/26-9/30/27</b>
Total Surgical Cases*	2,323	2,974	3,577
Total Gross Revenues (Charges)	\$25,635,418	\$39,366,402	\$52,893,531
Total Net Revenue	\$6,214,875	\$9,591,533	\$12,917,774
Average Net Revenue per Surgical Case	\$2,675	\$3,225	\$3,611
Total Operating Expenses (Costs)	\$8,240,094	\$9,513,098	\$10,748,375
Average Operating Expense per Surgical Case	\$3,547	\$3,199	\$3,005
Net Income	(\$2,025,219)	\$78,434	\$2,169,399

\*Surgical Cases include both OR and Procedure room cases from page 34 and Form C.3b.

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
- Written comments
- Responses to comments

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

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
  - The applicant adequately demonstrates availability of sufficient funds for the capital and working 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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

On page 49, the 2022 SMFP states, “*An OR’s service area is the single or multicounty grouping shown in Figure 6.1.*” In Figure 6.1, page 55 of the 2022 SMFP, Guilford and Caswell counties are shown as a multicounty operating room service area. The proposed Greensboro ASF is in Guilford County. Thus, the service area for this application is Guilford and Caswell counties. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared operating rooms located in Guilford County, and the inpatient and outpatient case volumes for each provider, from pages 60 and 73 of the 2022 SMFP. Caswell County has no ORs.

	IP ORs	OP ORs	Shared ORs	Excluded C-Sec, Trauma, Burn	CON Adjust-ments	IP Surgery Cases	OP Surgery Cases	Group
Greensboro Specialty Surgical Center	0	3	0	0	0	0	1,142	6
Surgical Center of Greensboro	0	13	0	0	0	0	9,043	6
High Point Surgery Center	0	6	0	0	0	0	3,384	6
Premier Surgery Center	0	2	0	0	0	0	309	6
High Point Regional Health	3	0	8	-1	0	2,432	3,015	4
Valleygate Dental Surgery Ctr of the Triad	0	2	0	0	0	0	627	6
Surgical Eye Center	0	4	0	0	0	0	2,820	5
Piedmont Surgical Center	0	2	0	0	0	0	224	6
Kindred Hospital-Greensboro	0	0	1	0	0	220	14	4
North Elam Ambulatory Surgery Center	0	0	0	0	5	0	0	
Cone Health	4	13	29	-1	-5	11,559	15,833	2
<b>Total Guilford County ORs</b>	<b>7</b>	<b>45</b>	<b>38</b>	<b>-2</b>	<b>0</b>			

Source: 2022 SMFP, pages 60 and 73

In G, page 84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in the Guilford/Caswell multicounty service area. The applicant states:

*“The proposed OR relocation project is necessary to address the continuing and growing need for convenient access to outpatient surgical services. ... The proposed project will not result in unnecessary duplication of existing or approve facilities in Guilford County. PSC is not adding any operating rooms to the current Guilford County inventory, but as previously stated, will relocate three existing licensed ORs within Guilford County.”*

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

- the applicant adequately demonstrates that the proposed project will not increase the number of ORs in the Guilford/Caswell multicounty OR service area, and
- the applicant adequately demonstrates that the three existing, licensed ORs being relocated are currently located in freestanding multispecialty ASF’s and will be relocated to a freestanding multispecialty ASF within the same OR service area.
- the applicant demonstrates that the proposed ASF is needed in the service area. See the discussion regarding need found in Criterion (3) and incorporated herein by reference.

**Conclusion**

The Agency reviewed the:



- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

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.

**Projected FTE Positions**

<b>Position</b>	<b>FY2025 1<sup>st</sup> Project Year</b>	<b>FY2026 2<sup>nd</sup> Project Year</b>	<b>FY2027 3<sup>rd</sup> Project Year</b>
RN- OR Charge Nurse	1.0	1.0	1.0
RN-PR Charge Nurse	1.0	1.0	1.0
RNs- OR perioperative	3.5	5.5	7.0
RNs-PR perioperative	2.0	2.0	2.0
RNs-OR Overnight recovery	2.0	3.0	4.0
CNAs/Nursing Assistant-OR	1.0	1.0	1.0
CNAs/Nursing Assistants-PR	1.0	1.0	1.0
Nurse Tech -OR perioperative	1.5	2.0	2.0
Director of Nursing	1.0	1.0	1.0
Surg Techs-ORs	1.5	2.5	3.5
Surg Techs- PRs	1.5	1.5	1.5
Radiology Techs-ORs	0.5	1.0	1.5
Radiology Techs-PRs	0.5	0.5	0.5
Housekeeping	1.5	2.0	2.0
Central Sterile Supply-ORs	1.0	1.5	1.5
Central Sterile Supply-PRs	0.5	0.5	0.5
Materials Management	1.0	1.0	1.0
Administrator/ CEO	1.0	1.0	1.0
Business Office/Registration	3.0	3.5	4.0
Other (Medical Director)	1.0	1.0	1.0
<b>Total</b>	<b>27.0</b>	<b>33.5</b>	<b>38.0</b>

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 86-88, 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
- Written comments
- Responses to comments

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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

#### **Ancillary and Support Services**

In Section I.1, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 90-91, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits I.1.1, I.1.2 and I.1.3. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- the applicant provides letters of support from licensed physicians to provide surgical services. See Exhibit I.1.1
- the applicant provides a letter for the Medical Director indicating his willingness to serve in that capacity. See Exhibit I.1.2
- the applicant provides a letter from the President of Atrium Health Wake Forest Baptist High Point Medical Center stating that the hospital has all ancillary and support services in place, and they are available to support the proposed ASF, which will be charged a fee those services. See Exhibit I.1.3

#### **Coordination**

In Section I.2, pages 91-93, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibits I.2.1 and I.2.2 and I.2.3. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant, PSC LLC, is an existing ASF operator in Guilford County and collaborates with other local social service and health care providers.
- AHWFB, HPMC and Premier have well-established relationships with other providers in North Carolina, including transfer agreements with acute care hospitals, skilled nursing facilities, and other providers and organizations within the local service area and beyond.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

In Section K.1, page 97, the applicant states that the project involves constructing 24,000 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 99-102, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.4. The site appears to be suitable for the proposed ASF based on the applicant's representations and supporting documentation.

On pages 97-98, 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 proposed ASF is planned for development on a site with access to power, sewer and water and appropriately zoned for the proposed use. See Exhibit K.4.
- The design and construction of the proposed project is the most reasonable based on the expertise, knowledge and experience of the contractor, architect and AHWFB which has extensive experience developing health facilities and operating rooms.

On page 98, 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:

- ASFs provide surgical services at a lower cost than a full-service hospital.
- The proposed project will not increase the projected reimbursements or charges for the proposed services.
- Medicaid, Medicare and other insurers save money when surgical services are performed in an ASF as opposed to a hospital.

On pages 98-99, 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
- Written comments
- Responses to comments

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**

The proposed Greensboro ASF is a new facility and thus has no historical data. However, the three ORs being relocated as part of the proposed project are currently located in two existing ASF in High Point, Guilford County. Two of the ORs are coming from HPSC and one OR is coming from Premier Surgery Center.

In Section L, page 104, the applicant provides the historical payor mix during the last FFY (10/1/2020 – 9/30/2021) for both HPSC and Premier Surgery Center as shown in the tables below.

#### **HPSC: Last Full FY**

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-Pay	1.91%
Medicare*	38.06%
Medicaid*	11.01%
Insurance*	45.55%
Workers Compensation	3.49%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 104 of the application.

\*Including any managed care plans.

**Premier Surgery Center: Last Full FY**

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-Pay	1.00%
Medicare*	51.57%
Medicaid*	7.49%
Insurance*	30.40%
Workers Compensation	9.55%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 104 of the application.

\*Including any managed care plans.

In Section L, page 106, the applicant provides the following comparison.

**High Point Surgery Center- Last Full FY**

	<b>Percentage of Total Patients</b>	<b>Percentage of the Population of the Service Area</b>
Female	62.3%	52.7%
Male	37.7%	47.3%
Unknown	0.0%	0.0%
64 and Younger	63.3%	84.5%
65 and Older	36.7%	15.5%
American Indian	0.9%	0.8%
Asian	3.4%	5.3%
Black or African American	19.3%	35.4%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	69.5%	50.0%
Other Race	6.9%	8.4%
Declined / Unavailable	0.0%	0.0%

**Premier Surgery Center- Last Full FY**

	<b>Percentage of Total Patients</b>	<b>Percentage of the Population of the Service Area</b>
Female	58.9%	52.7%
Male	41.1%	47.3%
Unknown	0.0%	0.0%
64 and Younger	57.9%	84.5%
65 and Older	42.1%	15.5%
American Indian	0.8%	0.8%
Asian	1.2%	5.3%
Black or African American	21.6%	35.4%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	72.9%	50.0%
Other Race	3.4%	8.4%
Declined / Unavailable	0.0%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments
- 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

The proposed Greensboro ASF is a new facility and thus has no historical data. However, the three ORs being relocated as part of the proposed project are currently located in two existing ASFs in High Point, Guilford County. Two of the ORs are coming from HPSC and one OR is coming from Premier Surgery Center.

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 107, the applicant states:

*“PSC has no obligation under federal regulations to provide uncompensated care or community service, or access by minorities and handicapped persons. However, for information purposes, PSC does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap or ability to pay.”*

In Section L, page 107, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights equal access complaints have been filed against either HPSC or Premier Surgery Center.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 108, the applicant projects the following payor mix for the proposed services during the third full fiscal year (10/1/2026 – 9/30/2027) of operation following completion of the project, as shown in the table below.

**Greensboro-ASF: Entire Facility (ORs and Procedure Rooms)**

Payor Category	Percent of Total Patients Served
Self-Pay	3.0%
Medicare*	51.7%
Medicaid*	6.3%
Insurance*	31.7%
Workers Compensation	0.7%
TRICARE	0.7%
Other (specify)	6.4%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 108 of the application.

\*Including any managed care plans.

**Greensboro-ASF: ORs only**

Payor Category	Percent of Total Patients Served
Self-Pay	3.0%
Medicare*	46.0%
Medicaid*	6.0%
Insurance*	38.0%
Workers Compensation	1.0%
TRICARE	1.0%
Other (specify)	5.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 108 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation for OR services, the applicant projects that 3.0% of total operating room services will be provided to self-pay patients, 46.0% to Medicare patients and 6.0% to Medicaid patients.

On page 109, 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 payor mix for the surgeons who are projected to utilize the Greensboro ASF facility.
- Projected percentages were based on actual Full FY 2021 data.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### C

The applicant, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

In Section M.1, page 111, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health

professional training programs in the area have access to the facility for training purposes based on the information provided in Section M, page 111, and Exhibit M.1, as described above.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

On page 49, the 2022 SMFP states, “*An OR’s service area is the single or multicounty grouping shown in Figure 6.1.*” In Figure 6.1, page 55 of the 2022 SMFP, Guilford and Caswell counties are shown as a multicounty operating room service area. The proposed Greensboro ASF is in Guilford County. Thus, the service area for this application is Guilford and Caswell counties. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and operating rooms located in Guilford County, and the inpatient and outpatient case volumes for each provider, from pages 60 and 73 of the 2022 SMFP. Caswell County has no ORs.

	IP ORs	OP ORs	Shared ORs	Excluded C-Sec, Trauma, Burn	CON Adjust-ments	IP Surgery Cases	OP Surgery Cases	Group
Greensboro Specialty Surgical Center	0	3	0	0	0	0	1,142	6
Surgical Center of Greensboro	0	13	0	0	0	0	9,043	6
High Point Surgery Center	0	6	0	0	0	0	3,384	6
Premier Surgery Center	0	2	0	0	0	0	309	6
High Point Regional Health	3	0	8	-1	0	2,432	3,015	4
Valleygate Dental Surgery Ctr of the Triad	0	2	0	0	0	0	627	6
Surgical Eye Center	0	4	0	0	0	0	2,820	5
Piedmont Surgical Center	0	2	0	0	0	0	224	6
Kindred Hospital-Greensboro	0	0	1	0	0	220	14	4
North Elam Ambulatory Surgery Center	0	0	0	0	5	0	0	
Cone Health	4	13	29	-1	-5	11,559	15,833	2
<b>Total Guilford County ORs</b>	<b>7</b>	<b>45</b>	<b>38</b>	<b>-2</b>	<b>0</b>			

Source: 2022 SMFP, pages 60 and 73

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 113, the applicant states:

*“AHWFBASC-Greensboro will promote competition in the service area because it will enable AHWFB to better meet the needs of its existing patient population, and to ensure timely provision of and convenient access to high quality, cost-effective outpatient surgical services for residents of Guilford County and surrounding communities.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 113-115, the applicant states:

*“This OR relocation project will make lower cost surgery more broadly available to credentialed surgeons and their patients. ... AHWFBASC-Greensboro will be a lower charge, lower reimbursement facility. Freestanding surgical centers are more cost effective for insurance companies and for patients because they do not have the higher overhead costs of hospitals. In fact, the cost of a procedure at a surgical center is typically, 45-60 percent less than the same procedure in a hospital setting, thus benefiting patients, insurers, and taxpayers. ... patient co-pays are also significantly lower when care is received in an ASF. ... This OR relocation project will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.”*

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

Regarding the impact of the proposal on quality, in Section N, pages 115-116, the applicant states,

*“AHWFBASC-Greensboro will be dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established for ambulatory surgical facilities. ... AHWFBASC-Greensboro will adhere to high standards and quality of care, consistent with the superior standard that PSC and AHWFB have sustained throughout their history of providing surgical care.”*

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, pages 116-117, the applicant states:

*“This OR relocation project will improve and broaden access to outpatient surgical services for all patients, including medically underserved groups. .... Outpatient surgical services will be available to all persons, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved persons including the medically indigent, the uninsured and the underinsured. AHWFBASC-Greensboro will provide free aids and services to people with disabilities in order to communicate effectively with them. ... As a certified provider under Title XVIII (Medicare) and Title XIX (Medicaid), AHWFBASC-Greensboro will provide its services to the elderly and to low income persons.”*

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 demonstrates: 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.
- 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
- Written comments
- Responses to comments
- 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 reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

### C

The applicant, PSC LLC, proposes to develop a new multispecialty ASF in Greensboro by relocating no more than 2 ORs from High Point Surgery Center and no more than one OR from Premier Surgery Center for a total of no more than 3 ORs and 3 procedure rooms. The ASF will offer surgical specialties in otolaryngology, ophthalmology, orthopaedics (including spine), plastics and urology.

According to the files in the Acute Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred at Premier Surgery Center, which is owned by the applicant. After reviewing and considering information provided by the applicant and by the DHSR Acute and Home Care Licensure and Certification Section, 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.

### NA

The Criteria and Standards for Surgical Services and Operating Rooms, promulgated in 10A NCAC 14C .2100, are not applicable to this review because the applicant does not propose to increase the number of ORs in the service area.

