

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 24, 2023

Findings Date: March 24, 2023

Project Analyst: Julie M. Faenza

Co-signer: Gloria C. Hale

COMPETITIVE REVIEW

Project ID #: F-12280-22
Facility: Atrium Health Pineville
FID #: 110878
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 11 acute care beds pursuant to the 2022 SMFP need determination for a total of no more than 314 acute care beds upon completion of this project, Project ID #F-12084-21 (relocate 26 beds to Atrium Health Steele Creek), and Project ID #F-12147-21 (develop 25 beds)

Project ID #: F-12281-22
Facility: Carolinas Medical Center
FID #: 943070
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 38 acute care beds pursuant to the 2022 SMFP need determination for a total of no more than 1,255 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), and Project ID #F-12149-21 (add 75 beds)

Project ID #: F-12282-22
Facility: Atrium Health University City
FID #: 923516
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 16 acute care beds pursuant to the 2022 SMFP need determination for a total of no more than 128 acute care beds upon completion of this project and Project ID #F-12146-21 (add 8 beds)

Project ID #: F-12293-22
Facility: Novant Health Presbyterian Medical Center

FID #: 943501
 County: Mecklenburg
 Applicants: Novant Health, Inc.
 The Presbyterian Hospital
 Project: Develop no more than 30 acute care beds pursuant to the 2022 SMFP need determination for a total of no more than 542 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center), and Project ID #F-12144-21 (add 15 beds)

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

This competitive review involves two health systems in Mecklenburg County – Atrium Health and Novant Health. Each health system has acute care hospitals and numerous other facilities such as satellite emergency departments that will be discussed in these findings. Given the complexity of this review and the numerous facilities involved for each of the two health systems, the Project Analyst created the tables below listing each health system’s referenced facilities and the acronyms or abbreviations used in the findings.

Atrium Health System		
Facility Name	Type of Facility	Acronym/Abbreviations Used
Atrium Health Pineville	Acute care hospital	AH Pineville / AH-P
Atrium Health Steele Creek	Approved satellite hospital campus of Atrium Health Pineville	AH Steele Creek
Atrium Health University City	Acute care hospital	AH University City
Carolinas Medical Center	Acute care hospital	CMC
Atrium Health Mercy	Satellite hospital campus of Carolinas Medical Center	AH Mercy
Atrium Health Lake Norman	Approved acute care hospital	AH Lake Norman

Novant Health System		
Facility Name	Type of Facility	Acronym/Abbreviations Used
Novant Health Huntersville Medical Center	Acute care hospital	NH Huntersville / NHHMC
Novant Health Matthews Medical Center	Acute care hospital	NH Matthews / NHMMC
Novant Health Mint Hill Medical Center	Acute care hospital	NH Mint Hill / NHMHMC
Novant Health Presbyterian Medical Center	Acute care hospital	NH Presbyterian / NHPMC
Novant Health Ballantyne Medical Center	Approved acute care hospital	NH Ballantyne / NHBMC
Novant Health Steele Creek Medical Center	Approved acute care hospital	NH Steele Creek / NHSCMC

Other Acronyms/Abbreviations Used	
Acronym/Abbreviations Used	Full Term
ADC	Average Daily Census (# of acute care days / 365.25 days in a year)
ALOS	Average Length of Stay (average number of acute care days for patients)
CAGR	Compound Annual Growth Rate
CY	Calendar Year
ED	Emergency Department
FFY	Federal Fiscal Year (October 1 – September 30)
FY	Fiscal Year (may be a calendar year or federal fiscal year)
HSA	Health Service Area
NICU	Neonatal Intensive Care Unit
LRA	License Renewal Application
NC OSBM	North Carolina Office of State Budget and Management
SMFP	State Medical Facilities Plan

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 – All Applications

Need Determination – Chapter 5 of the 2022 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2022 SMFP identified a need for 65 additional acute care beds in the Mecklenburg County service area. Four applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 95 new acute care beds in Mecklenburg County. However, pursuant to the need determination, only 65 acute care beds may be approved in this review for Mecklenburg County. See the Conclusion following the Comparative Analysis for the decision.

Only qualified applicants can be approved to develop new acute care beds. On page 37, the 2022 SMFP states:

“A qualified applicant is a person who proposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below... [listed on page 37 of the 2022 SFMP].”*

Policies – There are two policies in the 2022 SMFP which are applicable to this review.

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.”

Policy GEN-3 applies to all applicants in this 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.”

Policy GEN-4 applies to Project ID #s **F-12280-22**, **F-12281-22**, and **F-12282-22**. It does not apply to Project ID #**F-12293-22**.

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 11 acute care beds to Atrium Health Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project, Project ID #F-12084-21 (relocate 26 beds to Atrium Health Steele Creek), and Project ID #F-12147-21 (add 25 beds).

As defined by the 2022 SMFP acute care bed methodology on page 33:

*“A **hospital under common ownership** is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.”* (emphasis in original)

According to Table 5A on page 42 of the 2022 SMFP, the Atrium health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255)
- Atrium Health Lake Norman (Project ID #F-12010-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Atrium health system has 1,662 existing and approved acute care beds. In Project ID #s F-12281-22 and F-12282-22, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 38 acute care beds to Carolinas Medical Center (CMC) and 16 acute care beds to Atrium Health University City (AH University City). The addition of 11 new acute care beds as proposed in this application, along with the addition of 38 new acute care beds as proposed in Project ID #F-12281-22 and 16 new acute care beds as proposed in Project ID #F-12282-22, would bring the total number of acute care beds in the Atrium health system in Mecklenburg County to 1,727 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-34, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$4 million. In Section B, pages 35-36, the applicant describes the project’s plan to improve energy efficiency and conserve water.

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 does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 38 acute care beds to Carolinas Medical Center (CMC), a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), and Project ID #F-12149-21 (add 75 beds).

As defined by the 2022 SMFP acute care bed methodology on page 33:

*“A **hospital under common ownership** is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.”* (emphasis in original)

According to Table 5A on page 42 of the 2022 SMFP, the Atrium health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)

- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255)
- Atrium Health Lake Norman (Project ID #F-12010-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Atrium health system has 1,662 existing and approved acute care beds. In Project ID #s F-12280-22 and F-12282-22, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 11 acute care beds to Atrium Health Pineville (AH Pineville) and 16 acute care beds to AH University City. The addition of 38 new acute care beds as proposed in this application, along with the addition of 11 new acute care beds as proposed in Project ID #F-12280-22 and 16 new acute care beds as proposed in Project ID #F-12282-22, would bring the total number of acute care beds in the Atrium health system in Mecklenburg County to 1,727 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-33, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$4 million. In Section B, pages 34-35, the applicant describes the project’s plan to improve energy efficiency and conserve water.

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 does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 16 acute care beds to Atrium Health University City (AH University City), a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this project and Project ID #F-12146-21 (add 8 beds).

As defined by the 2022 SMFP acute care bed methodology on page 33:

*“A **hospital under common ownership** is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.”* (emphasis in original)

According to Table 5A on page 42 of the 2022 SMFP, the Atrium health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255)
- Atrium Health Lake Norman (Project ID #F-12010-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Atrium health system has 1,662 existing and approved acute care beds. In Project ID #s F-12280-22 and F-12281-22, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 11 acute care beds to Atrium Health Pineville (AH Pineville) and 38 acute care beds to

Carolinas Medical Center (CMC). The addition of 16 new acute care beds as proposed in this application, along with the addition of 11 new acute care beds as proposed in Project ID #F-12280-22 and 38 new acute care beds as proposed in Project ID #F-12281-22, would bring the total number of acute care beds in the Atrium health system in Mecklenburg County to 1,727 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-33, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$4 million. In Section B, pages 34-35, the applicant describes the project’s plan to improve energy efficiency and conserve water.

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 does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.

- The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

Novant Health, Inc. and The Presbyterian Hospital (hereinafter referred to as “Novant” or “the applicant”) propose to add 30 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center), and Project ID #F-12144-21 (add 15 beds).

As defined by the 2022 SMFP acute care bed methodology on page 33:

“A hospital under common ownership is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.” (emphasis in original)

According to Table 5A on pages 42-43 of the 2022 SMFP, the Novant health system has four existing hospitals and two approved but not yet developed hospitals in Mecklenburg County:

- Novant Health Presbyterian Medical Center (License H0010)
- Novant Health Matthews Medical Center (License H0270)
- Novant Health Huntersville Medical Center (License H0282)
- Novant Health Mint Hill Medical Center (License H0290)
- Novant Health Ballantyne Medical Center (Project ID #F-11625-18; CON issued April 30, 2019; currently under development)
- Novant Health Steele Creek Medical Center (Project ID #F-11993-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Novant health system has 941 existing and approved acute care beds. The addition of 30 new acute care beds as proposed in this application would bring the total number of acute care beds in the Novant health system in Mecklenburg County to 971 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 23, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 26-27, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

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 does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

(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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

The following projects involving acute care beds at AH Pineville are approved and under development:

- F-11622-18: Add 38 acute care beds
- F-11813-19: Add 12 acute care beds
- F-12009-20: Add seven acute care beds
- F-12084-21: Relocate 26 acute care beds to develop AH Steele Creek, a satellite campus
- F-12147-21: Add 25 acute care beds

As of December 7, 2021, the 45 acute care beds that are part of Project ID #s F-11622-18 and F-12009-20 are licensed. The projects are not yet complete, as there are other reporting requirements pursuant to conditions on the certificates of need, but services are being offered.

On October 15, 2021, AH Pineville submitted Project ID #F-12147-21, proposing to develop 36 new acute care beds on Level 7 of a new patient tower being built on the AH Pineville campus (pursuant to an exemption approved by the Agency on August 23, 2018). On April 29, 2022, a certificate of need was issued for Project ID #F-12147-21 approving the development of 25 of the proposed 36 new acute care beds. In this application, the applicant proposes to develop the 11 new acute care beds in the space originally proposed for them in Project ID #F-12147-21. In Section C, page 38, the applicant states it has included all costs associated with development of the associated space in the patient tower – not just the cost to develop the 11 acute care beds – as part of the capital expenditure.

Patient Origin – On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH Pineville Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2021)		FY 1 (CY 2025)		FY 2 (CY 2026)		FY 3 (CY 2027)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	6,918	39.3%	7,881	37.9%	7,833	37.4%	7,630	36.5%
York (SC)	6,173	35.1%	5,920	28.5%	5,847	27.9%	5,615	26.8%
Lancaster (SC)	1,854	10.5%	2,871	13.8%	2,983	14.2%	3,152	15.1%
Union	997	5.7%	1,544	7.4%	1,604	7.7%	1,695	8.1%
Gaston	326	1.8%	505	2.4%	524	2.5%	554	2.6%
Chester (SC)	291	1.7%	451	2.2%	469	2.2%	496	2.4%
Other*	1,053	6.0%	1,631	7.8%	1,695	8.1%	1,791	8.6%
Total	17,612	100.0%	20,802	100.0%	20,955	100.0%	20,933	100.0%

Source: Section C, pages 40, 44

*Other includes other North Carolina counties and other states

In Section C, page 42, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant adequately explains the reasons it adjusted its historical patient origin as part of projecting future patient origin.

Analysis of Need – In Section C, pages 46-76, the applicant combined its discussion of need for additional acute care beds at AH Pineville with discussion of the Atrium health system need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). The discussion that follows in this section focuses only on the need as it relates to AH Pineville in this specific application under review.

In Section C, Atrium discusses how historical acute care bed need determinations in Mecklenburg County have been generated entirely or primarily by Atrium facilities. However, on page 47 in Chapter 5 of the 2022 SMFP, it states:

“Any person can apply for a CON to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 51, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 63-76, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Inpatient days at AH Pineville grew at an annual rate of 6.2% between CY 2016 and CY 2019, and despite the impact of the COVID-19 pandemic, the CY 2019 to CY 2022 annualized (based on January-July 2022 actual data and applying historical seasonal utilization from CY 2021) compound annual growth rate (CAGR) will be 10.9%, higher than the pre-COVID-19 CAGR. (pages 63-65)
- AH Pineville is on track to operate at 98.2% of capacity in CY 2022. The applicant states AH Pineville has the second highest occupancy rate of any Atrium hospital in Mecklenburg County. (pages 65-67)
- The applicant states it has relied on waivers to operate on temporary bed overflow status constantly since April 2018, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that, on average, it has operated an additional 39 acute care beds (and at times up to an additional 79 acute care beds) above its licensed capacity in CY 2022. (pages 67-68)
- The applicant states AH Pineville operated at a capacity of 99.6% during CY 2021. AH Pineville's utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that in January 2022, AH Pineville operated above 90% occupancy, based on the midnight census, every single day. (pages 68-69)
- The applicant states capacity issues have led to patients waiting in the PACU after surgery and waiting in the ED for available hospital beds. The applicant states that 719 patients had to wait an average of two hours in the PACU for an available bed between January and July 2022, and the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was 6.5 hours for January through July 2022, with some patients waiting up to 24 hours. The applicant states these delays are occurring even with the surge capacity permitted under the COVID-19 bed waiver. (pages 69-70)
- The area of Charlotte where AH Pineville is located has grown more rapidly than historical projections predicted. The applicant provides data from an application it submitted in 2007, showing that at the time, it projected the southern Charlotte area would grow at an annual rate of 2.4% between 2006 and 2016. The actual population of the southern Charlotte area in 2016, according to the applicant and ESRI, was almost 13,000 people more than the projections had predicted. (pages 71-72)

- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities – the NC counties in HSA III along with three counties in South Carolina adjacent to the NC border – is projected to grow by a total of 14.5%, or a CAGR of 1.7%, between 2022 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 72-76)

Comments submitted during the public comment period implied that illustrations of utilization and capacity as described by Atrium are artificial because they did not include any COVID-19 waiver beds in those calculations. On page 68, the applicant points out that the COVID-19 bed waiver will expire at the end of the Federal COVID-19 Public Health Emergency and it will no longer have access to the theoretically unlimited ability to add capacity. In fact, on January 20, 2023, the Biden Administration issued a statement saying that the Administration plans to end the Public Health Emergency on May 11, 2023. Therefore, even if the illustrative examples used to demonstrate need did not include COVID-19 expansion beds, the flexibility to even utilize that option is ending. Further, the fact that so many additional acute care beds were needed during the last several years also speaks to the need for additional licensed acute care bed capacity.

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

- The applicant uses verifiable historical data from AH Pineville to support its belief that it needs additional acute care bed capacity at AH Pineville.
- The applicant identifies circumstances at AH Pineville that support its belief that it needs additional acute care bed capacity at AH Pineville, such as its January 2022 occupancy rate, median or average wait time in the ED and in the PACU for available acute care beds for hospital admission despite availability of surge capacity for acute care beds, and growth of the southern Charlotte area.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, and in the assumptions and methodology used to project utilization, the applicant provides historical and projected utilization, as illustrated in the following table.

AH Pineville Acute Care Bed Historical/Projected Utilization				
	CY 2021	FY 1 (CY 2025)	FY 2 (CY 2026)	FY 3 (CY 2027)
# of Beds	233	314	314	314
# of Discharges	17,612	21,576	22,014	22,563
# of Acute Care Days	84,717	101,225	107,712	108,040
Occupancy Rate	99.6%	88.2%	93.9%	94.3%

Note: This table combines Form C for AH Pineville and AH Steele Creek, since they will be on the same hospital license. Since the applicant projects a different ALOS for AH Pineville than at AH Steele Creek, that information cannot be combined and does not appear on this table.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applied historical seasonal utilization patterns from CY 2021.
- The applicant calculated two different CAGRs for acute care days at AH Pineville, based on historical utilization, but then utilized a lower growth rate than either of those to project growth in acute care days at a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities (counties in HSA III and three South Carolina counties adjacent to HSA III) based on data from NC OSBM and SC RFA.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a newly opened hospital in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated AH Pineville’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from AH Pineville to Piedmont Fort Mill Medical Center. The applicant states it previously assumed the shift would begin in CY 2023, but that since the facility opened in September 2022, it “prorated” the shift for the last four months of CY 2022 based on projected CY 2023 volume. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from AH Pineville to AH Lake Norman, consistent with its previously approved application to develop AH Lake

Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in that application to project shifts through CY 2027.

- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at AH Pineville through CY 2027.
- The applicant projected the number of discharges for the first three full fiscal years following project completion by dividing the projected patient days by 4.7 days, the average of the ALOS for CY 2020 through CY 2022 annualized. The applicant states it expects the ALOS at AH Pineville will gradually decline over the next three fiscal years to the average ALOS used below and adjusts it downward over that time to project discharges. The applicant also projected the ALOS for AH Steele Creek would be consistent with its projections in Project ID #F-12084-21 (3.2 days), which is a lower ALOS for the acute care days projected to shift to AH Steele Creek than the acute care days at AH Pineville.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at AH Pineville (including the AH Steele Creek campus).

AH Pineville Total Acute Care Bed Projected Utilization						
	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Total Baseline Acute Care Days (1.7%)	101,316	103,065	104,845	106,655	108,496	110,370
Shift to Piedmont Fort Mill Medical Center	-1,665	-4,996	-5,137	-5,282	-5,431	-5,584
Shift to AH Lake Norman	--	--	-94	-148	-208	-219
Projected Total Acute Care Days	99,651	98,069	99,614	101,225	102,857	104,566
Discharges**	19,079	19,363	20,304	21,576	22,014	22,563
Average Daily Census (ADC)	273	269	273	277	282	286
Beds	278	278	278	314	314	314
Occupancy %	98.2%	96.8%	98.2%	88.2%	89.8%	91.1%

Source: Section Q, Form C Assumptions and Methodology

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**Based on AH Pineville main campus and AH Steele Creek campus after it opens

In Section Q, the applicant states that in Project ID #F-12084-21, proposing the development of AH Steele Creek, it projected all patients to be served at AH Steele Creek would shift from AH Pineville’s main campus. The applicant states that by CY 2027, the third full fiscal year following project completion, projected shifts in patients from AH Pineville’s main campus to AH Steele Creek will result in a utilization rate of 94.5% at AH Pineville’s main campus.

Atrium Health System

The Atrium health system in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium projects utilization separately for CMC and for the AH Mercy campus. This discussion of projected utilization combines CMC and AH Mercy, as they are under the same hospital license.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applied historical seasonal utilization patterns from CY 2021.
- The applicant projected growth in acute care days for CMC, AH Mercy, and AH University City by using a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities based on data from NC OSBM and SC RFA. The historical CAGRs for acute care days at those three facilities are all higher than the applicant’s projected growth rate of 1.7%.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization but that it is also consistent with the projections included in previous projects.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center,

accounting for the earlier than anticipated opening of the new hospital. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman. The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in Project ID #F-12010-20 (proposing to develop AH Lake Norman) to project shifts through CY 2027.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2027.
- Given capacity constraints that would accompany extremely high utilization, the applicant artificially held acute care days at AH University City in CY 2023 at 110% utilization instead of projecting further growth in acute care days and began applying the 1.7% growth rate based on the CY 2023 projected acute care days.

The table below summarizes the applicant’s assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2027.

Summary of Projected Shifts in Acute Care Days						
	CY 2022*	CY 2023	CY 2024	FY 1 – CY 2025	FY 2 – CY 2026	FY 3 – CY 2027
AH Pineville**						
Acute Care Days	101,316	103,065	104,845	106,655	108,496	110,370
Projected Shifts	-1,665	-4,996	-5,231	-5,430	-5,639	-5,803
Adjusted Acute Care Days	99,651	98,069	99,614	101,225	102,857	104,566
AH University City						
Acute Care Days	41,832	42,554	43,289	44,036	44,796	45,570
Projected Shifts	-19	-57	-1,156	-1,794	-2,496	-2,625
Adjusted Acute Care Days	41,813	41,747	42,113	42,242	42,300	42,944
Carolinas Medical Center***						
Acute Care Days	373,726	380,180	386,743	393,420	400,212	407,122
Projected Shifts	-989	-2,968	-5,566	-7,110	-8,803	-9,186
Adjusted Acute Care Days	372,737	377,212	381,177	386,310	391,409	397,936
AH Lake Norman						
Acute Care Days	--	--	3,709	5,857	8,222	8,656

Source: Section Q, Form C Assumptions and Methodology

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2025)	FY 2 (CY 2026)	FY 3 (CY 2027)
Atrium Health Pineville	101,225	102,857	104,566
Atrium Health University City	42,242	42,300	42,944
Carolinas Medical Center	386,310	391,409	397,936
Atrium Health Lake Norman	5,857	8,222	8,656
Projected Total Acute Care Bed Days	535,634	544,788	554,102
Average Daily Census (ADC)	1,467	1,492	1,517
Total # of Beds	1,536	1,536	1,727
Occupancy %	95.5%	97.1%	87.8%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 87.8%. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected average daily census (ADC) is greater than 200 patients.

Discussion

- All Atrium facilities experienced a significant increase in utilization between 2021 and 2022 – even facilities that are theoretically at maximum capacity, such as CMC, and AH University City reported a utilization rate of greater than 100% for FFY 2022 based on data provided by AH University City to the Agency. All of these facilities benefitted from the COVID-19 bed expansion waiver, which allowed for a theoretically unlimited ability to add acute care bed capacity. The COVID-19 bed expansion waiver will end when the federal Public Health Emergency ends on May 11, 2023.

However, due to the impacts of the COVID-19 pandemic on health care and hospitals, it is impossible to predict what will happen to utilization once the COVID-19 bed expansion waiver expires. Nevertheless, Atrium has demonstrated that there was an increase in utilization at each of its facilities during the last year. Projected growth rates for facilities near or at capacity that may have been questionable in previous years are not necessarily questionable at this time.

Atrium’s FFY 2022 acute care bed utilization, based on information submitted by Atrium to the Agency, meets the required performance standard as of the date of these findings for all 65 additional acute care beds it proposes to add as part of the three applications it submitted for this review. Please see the Working Papers for documentation.

- Comments submitted during the public comment period state that Atrium did not include a discussion of how ALOS and discharges were calculated. Atrium provides a discussion and analysis of how ALOS and discharges were calculated on pages 22-23

of the Form C Utilization – Assumptions and Methodology subsection of Section Q that are reasonable and adequately supported.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at AH Pineville.
- When the applicant used some projections from previous applications, but did not use others, the applicant provided reasonable explanations as to why some projections from previous applications were not used.

Access to Medically Underserved Groups – In Section C, page 83, the applicant states:

“Atrium Health Pineville provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment....”

...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 84, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	31.3%
Women	57.6%
Persons aged 65 and older	29.1%
Medicare beneficiaries	33.0%
Medicaid recipients	13.0%

In Section C, page 84, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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 based on the following:

- The applicant provides its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial assistance policies in Exhibit L.4-1.

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.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

The following projects involving acute care beds at CMC are approved and under development:

- F-12006-20: Add 87 acute care beds
- F-12149-21: Add 75 acute care beds

On April 28, 2020, CMC was issued a certificate of need for Project ID #F-11811-19 to add 18 acute care beds to CMC pursuant to the need determination in the 2019 SMFP. However, as part of Project ID #F-12010-20, proposing the development of the AH Lake Norman facility, the 18 beds approved as part of Project ID #F-11811-19 will now be developed at AH Lake Norman.

As of July 11, 2022, CMC had developed 9 of the 75 acute care beds approved as part of Project ID #F-12149-21.

Patient Origin – On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

CMC Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2021)		FY 1 (CY 2028)		FY 2 (CY 2029)		FY 3 (CY 2030)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	21,511	51.3%	23,466	49.4%	23,837	49.4%	24,212	49.3%
York (SC)	3,017	7.2%	3,013	6.3%	3,059	6.3%	3,105	6.3%
Gaston	2,771	6.6%	3,350	7.1%	3,410	7.1%	3,471	7.1%
Union	2,195	5.2%	2,653	5.6%	2,700	5.6%	2,749	5.6%
Cleveland	1,561	3.7%	1,886	4.0%	1,920	4.0%	1,955	4.0%
Cabarrus	1,404	3.4%	1,697	3.6%	1,728	3.6%	1,759	3.6%
Lancaster (SC)	1,140	2.7%	1,378	2.9%	1,403	2.9%	1,428	2.9%
Lincoln	1,105	2.6%	1,336	2.8%	1,360	2.8%	1,384	2.8%
Iredell	752	1.8%	909	1.9%	925	1.9%	942	1.9%
Catawba	657	1.6%	794	1.7%	808	1.7%	822	1.7%
Stanly	521	1.2%	630	1.3%	641	1.3%	653	1.3%
Other*	5,261	12.6%	6,359	13.4%	6,473	13.4%	6,590	13.4%
Total	41,895	100.0%	47,471	100.0%	48,264	100.0%	49,070	100.0%

Source: Section C, pages 39, 43

*Other includes other North Carolina counties and other states

In Section C, page 41, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant adequately explains the reasons it adjusted its historical patient origin as part of projecting future patient origin.

Analysis of Need – In Section C, pages 45-77, the applicant combined its discussion of need for additional acute care beds at CMC with discussion of the Atrium health system need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). The discussion that follows in this section focuses only on the need as it relates to CMC in this specific application under review.

In Section C, Atrium discusses how acute care bed need determinations in Mecklenburg County have been generated entirely by Atrium facilities. However, on page 47 in Chapter 5 of the 2022 SMFP, it states:

“Any person can apply to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 50, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 62-77, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- CMC is the sole provider of quaternary care in Mecklenburg County and the surrounding area. (pages 62-64)
- The applicant states it has relied on waivers to operate on temporary bed overflow status, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated as many as 115 acute care beds above its licensed capacity in CY 2022. (pages 64-67)
- The applicant states CMC operated at a capacity of 96.6% during CY 2022. CMC’s utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that during CY 2022, CMC operated with an average occupancy rate above 95%, based on the midnight census, for the entire year. (pages 67-69)
- The applicant states capacity issues have led to patients waiting in the PACU after surgery and even having to wait in an operating room because of lack of availability of space in the PACU. The applicant states that patients had to wait an average of five hours in the PACU for an available bed during CY 2022 so far. In CY 2019, over one thousand patients had to wait an average of 41 minutes in the operating room for available space in the PACU. For CY 2022 so far, 884 patients have had to wait an average of 59 minutes in the operating room. The applicant states patients start recovering from anesthesia during that time and it is not standard practice to have patients begin recovery in an operating room. (pages 70-71)
- The applicant states capacity issues have led to patients waiting in the ED for available hospital beds. The applicant states the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was seven hours for CY 2022 so far, with some patients waiting up to 24 hours. (pages 71-72)
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 14.5%, or a CAGR of 1.7%, between 2022 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means

there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 73-77)

Comments submitted during the public comment period implied that illustrations of utilization and capacity as described by Atrium are artificial because they did not include any COVID-19 waiver beds in those calculations. On page 68, the applicant points out that the COVID-19 bed waiver will expire at the end of the Federal COVID-19 Public Health Emergency and it will no longer have access to the theoretically unlimited ability to add capacity. In fact, on January 20, 2023, the Biden Administration issued a statement saying that the Administration plans to end the Public Health Emergency on May 11, 2023. Therefore, even if the illustrative examples used to demonstrate need did not include COVID-19 expansion beds, the flexibility to even utilize that option is ending. Further, the fact that so many additional acute care beds were needed during the last several years also speaks to the need for additional licensed acute care bed capacity.

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

- The applicant identifies circumstances at CMC that support its belief that it needs additional acute care bed capacity at CMC, such as the impact of lack of space on surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

CMC Acute Care Bed Historical/Projected Utilization				
	CY 2021	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
# of Beds	1,055	1,255	1,255	1,255
# of Discharges	52,961	59,516	60,504	61,508
# of Acute Care Days	348,523	404,563	411,291	418,123

Note: This table combines Form C for CMC and AH Mercy, since they are on the same hospital license. Since the applicant projects a different ALOS for CMC than at AH Mercy, that information cannot be combined and does not appear on this table.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium treats AH Mercy as a separate facility for purposes of projecting utilization. The discussion of projected utilization treats CMC and AH Mercy as a single campus.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applying historical seasonal utilization patterns from CY 2021.
- The applicant calculated two different CAGRs for acute care days at CMC, based on historical utilization, but then utilized a lower growth rate than either of those to project growth in acute care days by using a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities based on data from NC OSBM and SC RFA.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a newly opened hospital in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated CMC's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from CMC to Piedmont Fort Mill Medical Center. The applicant states it previously assumed the shift would begin in CY 2023, but that since the facility opened in September 2022, it “prorated” the shift for the last four months of CY 2022 based on projected CY 2023 volume. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from CMC to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in that application to project shifts through CY 2030.
- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at CMC through CY 2030.
- The applicant projected the number of discharges for the first three full fiscal years following project completion by dividing the projected patient days by the average of the ALOS for CY 2020 through CY 2022 annualized. The applicant states it expects the ALOS at CMC will gradually decline over the next three fiscal years to the average ALOS used below and adjusts it downward over that time to project discharges. The applicant also projected the number of discharges for AH Mercy using the same methodology; however, the ALOS at AH Mercy is projected to be lower than that of CMC.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at CMC (including the AH Mercy campus).

CMC Total Acute Care Bed Projected Utilization									
	Current	Interim					FY 1	FY 2	FY 3
	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total Baseline Acute Care Days	373,726	380,180	386,743	393,420	400,212	407,122	414,151	421,301	428,575
Shift to Piedmont Fort Mill Med Ctr	-989	-2,968	-3,049	-3,135	-3,222	-3,311	-3,403	-3,498	-3,596
Shift to AH Lake Norman	--	--	-2,517	-3,975	-5,581	-5,875	-6,185	-6,512	-6,856
Projected Total Acute Care Days	372,737	377,212	381,177	386,310	391,409	397,936	404,563	411,291	418,123
Discharges**	50,628	52,083	54,296	56,833	57,582	58,541	59,516	60,504	61,508
ADC	1,021	1,033	1,044	1,058	1,072	1,089	1,108	1,126	1,145
Beds	1,064	1,064	1,064	1,064	1,064	1,217	1,217	1,217	1,217
Occupancy %	95.6%	97.1%	98.1%	99.4%	100.8%	89.5%	91.0%	92.5%	94.1%

Source: Section Q, Form C Assumptions and Methodology; calculations done by Project Analyst to combine CMC and AH Mercy totals

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**Combined total of CMC and AH Mercy discharges

Atrium Health System

The Atrium health system in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium projects utilization separately for CMC and for the AH Mercy campus. This discussion of projected utilization combines CMC and AH Mercy, as they are under the same hospital license.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applied historical seasonal utilization patterns from CY 2021.

- The applicant projected growth in acute care days for CMC, AH Mercy, and AH University City by using a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities based on data from NC OSBM and SC RFA. The historical CAGRs for acute care days at those three facilities are all higher than the applicant's projected growth rate of 1.7%.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization but that it is also consistent with the projections included in previous projects.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center, accounting for the earlier than anticipated opening of the new hospital. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman. The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in Project ID #F-12010-20 (proposing to develop AH Lake Norman) to project shifts through CY 2030.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2030.
- Given capacity constraints that would accompany extremely high utilization, the applicant artificially held acute care days at AH University City in CY 2023 at 110% utilization instead of projecting further growth in acute care days and began applying the 1.7% growth rate based on the CY 2023 projected acute care days.

The table below summarizes the applicant's assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2030.

Summary of Projected Shifts in Acute Care Days									
	Current	Interim					FY 1	FY 2	FY 3
	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Pineville**									
Acute Care Days	101,316	103,065	104,845	106,655	108,496	110,370	112,275	114,213	116,185
Projected Shifts	-1,665	-4,996	-5,231	-5,430	-5,639	-5,803	-5,973	-6,147	-6,326
Adjusted Acute Care Days	99,651	98,069	99,614	101,225	102,857	104,566	106,302	108,067	109,859
AH University City									
Acute Care Days	41,832	42,554	43,289	44,036	44,796	45,570	46,356	47,157	47,971
Projected Shifts	-19	-57	-1,156	-1,794	-2,496	-2,625	-2,763	-2,907	-3,059
Adjusted Acute Care Days	41,813	41,747	42,113	42,242	42,300	42,944	43,594	44,249	44,912
Carolinas Medical Center***									
Acute Care Days	373,726	380,180	386,743	393,420	400,212	407,122	414,151	421,301	428,575
Projected Shifts	-989	-2,968	-5,566	-7,110	-8,803	-9,186	-9,588	-10,010	-10,452
Adjusted Acute Care Days	372,737	377,212	381,177	386,310	391,409	397,936	404,563	411,291	418,123
AH Lake Norman									
Acute Care Days	--	--	3,709	5,857	8,222	8,656	9,114	9,595	10,102

Source: Section Q, Form C Assumptions and Methodology

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
Atrium Health Pineville	106,302	108,067	109,859
Atrium Health University City	43,594	44,249	44,912
Carolinas Medical Center	404,563	411,291	418,123
Atrium Health Lake Norman	9,114	9,595	10,102
Projected Total Acute Care Bed Days	563,573	573,202	582,996
ADC	1,543	1,569	1,596
Total # of Beds	1,727	1,727	1,727
Occupancy %	89.3%	90.9%	92.4%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 92.4%. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients.

Discussion

- All Atrium facilities experienced a significant increase in utilization between 2021 and 2022 – even facilities that are theoretically at maximum capacity, such as CMC, and AH University City reported a utilization rate of greater than 100% for FFY 2022 based on data provided by AH University City to the Agency. All of these facilities benefitted from the COVID-19 bed expansion waiver, which allowed for a theoretically unlimited ability to add acute care bed capacity. The COVID-19 bed expansion waiver will end when the federal Public Health Emergency ends on May 11, 2023.

However, due to the impacts of the COVID-19 pandemic on health care and hospitals, it is impossible to predict what will happen to utilization once the COVID-19 bed expansion waiver expires. Nevertheless, Atrium has demonstrated that there was an increase in utilization at each of its facilities during the last year. Projected growth rates for facilities near or at capacity that may have been questionable in previous years are not necessarily questionable at this time.

Atrium’s FFY 2022 acute care bed utilization, based on information submitted by Atrium to the Agency, meets the required performance standard as of the date of these findings for all 65 additional acute care beds it proposes to add as part of the three applications it submitted for this review. Please see the Working Papers for documentation.

- Comments submitted during the public comment period state that Atrium did not include a discussion of how ALOS and discharges were calculated. Atrium provides a discussion and analysis of how ALOS and discharges were calculated on pages 22-23 of the Form C Utilization – Assumptions and Methodology subsection of Section Q that are reasonable and adequately supported.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at CMC.
- When the applicant used some projections from previous applications, but did not use others, the applicant provided reasonable explanations as to why some projections from previous applications were not used.

Access to Medically Underserved Groups – In Section C, page 84, the applicant states:

“CMC provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...”

...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 85, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	36.5%
Women	58.8%
Persons aged 65 and older	26.9%
Medicare beneficiaries	32.8%
Medicaid recipients	17.2%

In Section C, page 85, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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 based on the following:

- The applicant provides its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial assistance policies in Exhibit L.4-1.

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.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

The following projects involving acute care beds at AH University City are approved and under development:

- F-11812-19: Add 16 acute care beds
- F-12146-21: Add 8 acute care beds

On April 28, 2020, AH University City was issued a certificate of need for Project ID #F-11812-19 to add 16 acute care beds to AH University City pursuant to the need determination in the 2019 SMFP. However, as part of Project ID #F-12010-20, proposing the development of the AH Lake Norman facility, 12 of the 16 beds approved as part of Project ID #F-11812-19 will now be developed at AH Lake Norman.

As of June 28, 2021, the remaining 4 acute care beds that are part of Project ID # F-11812-19 are licensed. The project is not yet complete, as there are other reporting requirements pursuant to conditions on the certificate of need, but services are being offered.

Patient Origin – On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH University City Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2021)		FY 1 (CY 2026)		FY 2 (CY 2027)		FY 3 (CY 2028)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	5,597	81.0%	6,544	75.3%	6,625	75.1%	6,705	74.8%
Cabarrus	543	7.9%	890	10.2%	912	10.3%	934	10.4%
Gaston	123	1.8%	201	2.3%	206	2.3%	211	2.4%
Other*	645	9.3%	1,058	12.2%	1,083	12.3%	1,110	12.4%
Total	6,908	100.0%	8,693	100.0%	8,826	100.0%	8,959	100.0%

Source: Section C, pages 39, 43

*Includes other North Carolina counties and other states

In Section C, page 41, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant adjusted its historical patient origin to account for projected shifts in patients to other locations.

Analysis of Need – In Section C, pages 45-73, the applicant combined its discussion of need for additional acute care beds at AH University City with discussion of the Atrium health system need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). The discussion that follows in this section focuses only on the need as it relates to AH University City in this specific application under review.

In Section C, Atrium discusses how acute care bed need determinations in Mecklenburg County have been generated entirely by Atrium facilities. However, on page 47 in Chapter 5 of the 2022 SMFP, it states:

“Any person can apply to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 50, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 62-73, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Inpatient days and utilization at AH University City are growing faster than any other Atrium hospital in Mecklenburg County. Inpatient days grew at a CAGR of 7.4% between CY 2016 and CY 2019, and despite the impact of the COVID-19 pandemic, the CY 2019 to CY 2022 annualized CAGR will be 14.5%, almost double the pre-COVID-19 CAGR. (pages 62-64)
- AH University City is on track to operate at 110.1% of capacity in CY 2022. The applicant states AH University City has the highest occupancy rate of any Atrium hospital in Mecklenburg County. (pages 64-65)
- The applicant states it has relied on waivers to operate on temporary bed overflow status constantly since April 2018, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated up to 30 acute care beds above its licensed capacity in CY 2022. (page 66; Section C, page 46)

- The applicant states AH University City operated at a capacity of 92.7% during CY 2021. AH University City's utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that in CY 2021, AH University City operated above 90% occupancy, based on the midnight census, 252 days out of the year. The applicant states the numbers are based on the most recent full year of data available and do not include the surge in utilization that AH University City has seen in CY 2022. (pages 66-68)
- The applicant states capacity issues have led to patients waiting in the ED for available hospital beds. The applicant states that the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was 29 hours for January through July 2022, with some patients waiting much longer. The applicant states these delays are occurring even with the surge capacity permitted under the COVID-19 bed waiver. (pages 68-69)
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 14.5%, or a CAGR of 1.7%, between 2022 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 70-73)

Comments submitted during the public comment period implied that illustrations of utilization and capacity as described by Atrium are artificial because they did not include any COVID-19 waiver beds in those calculations. On page 68, the applicant points out that the COVID-19 bed waiver will expire at the end of the Federal COVID-19 Public Health Emergency and it will no longer have access to the theoretically unlimited ability to add capacity. In fact, on January 20, 2023, the Biden Administration issued a statement saying that the Administration plans to end the Public Health Emergency on May 11, 2023. Therefore, even if the illustrative examples used to demonstrate need did not include COVID-19 expansion beds, the flexibility to even utilize that option is ending. Further, the fact that so many additional acute care beds were needed during the last several years also speaks to the need for additional licensed acute care bed capacity.

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

- The applicant uses verifiable historical data from AH University City to support its belief that it needs additional acute care bed capacity at AH University City.
- The applicant identifies circumstances at AH University City that support its belief that it needs additional acute care bed capacity at AH University City, such as its January 2022 occupancy rate, median or average wait time in the ED for available acute care

beds for hospital admission despite availability of surge capacity for acute care beds, and growth of the area served by AH University City.

- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

AH University City Acute Care Bed Historical/Projected Utilization				
	CY 2021	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	104	128	128	128
# of Discharges	6,908	8,693	8,826	8,959
# of Acute Care Days	35,194	42,300	42,944	43,594
ALOS (in days)	5.1	4.9	4.9	4.9
Occupancy Rate	92.7%	90.5%	91.9%	93.3%

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applied historical seasonal utilization patterns from CY 2021.
- The applicant calculated two different CAGRs for acute care days at AH University City, based on historical utilization, but then utilized a lower growth rate than either of those to project growth in acute care days by using a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities based on data from NC OSBM and SC RFA.

Given capacity constraints with extremely high utilization, the applicant artificially held acute care days at AH University City in CY 2023 at 110% utilization, even though the projected utilization for CY 2023 would be higher based on a 1.7% growth rate. The applicant begins applying the 1.7% growth rate based on CY 2023 projected utilization.

- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a newly opened hospital in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center

and calculated AH University City’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from AH University City to Piedmont Fort Mill Medical Center. The applicant states it previously assumed the shift would begin in CY 2023, but that since the facility opened in September 2022, it “prorated” the shift for the last four months of CY 2022 based on projected CY 2023 volume. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from AH University City to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in that application to project shifts through CY 2028.
- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at AH University City through CY 2028.
- The applicant projected the number of discharges for the first three full fiscal years following project completion by applying an ALOS that was the average of the ALOS for CY 2020 through CY 2022 annualized. The applicant states it expects the ALOS at AH University City will gradually decline over the next three fiscal years to the average ALOS used below and adjusts it downward over that time to project discharges.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at AH University City.

AH University City Total Acute Care Bed Projected Utilization							
	CY 2022*	CY 2023**	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Total Baseline Acute Care Days (1.7%)	41,832	42,554	43,289	44,036	44,796	45,570	46,356
Shift to Piedmont Fort Mill Medical Center	-19	-57	-58	-60	-62	-63	-65
Shift to AH Lake Norman	--	--	-1,098	-1,734	-2,434	-2,562	-2,698
Projected Total Acute Care Days	41,813	41,747	42,133	42,242	42,300	42,944	43,594
ALOS (in days)	5.2	5.1	5.0	4.9	4.9	4.9	4.9
Discharges	8,036	8,186	8,427	8,621	8,693	8,826	8,959
ADC	115	114	115	116	116	118	119
Beds	104	104	117	128	128	128	128
Occupancy %	110.6%	109.6%	98.3%	90.6%	90.6%	92.3%	93.0%

Source: Section Q, Form C Assumptions and Methodology

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**The applicant held utilization in CY 2023 to 110% of capacity and began projecting growth at the annual growth rate of 1.7% based on CY 2023 110% capacity.

Atrium Health System

The Atrium health system in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium projects utilization separately for CMC and for the AH Mercy campus. This discussion of projected utilization combines CMC and AH Mercy, as they are under the same hospital license.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2022 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2022 – July 2022 actual utilization and applied historical seasonal utilization patterns from CY 2021.
- The applicant projected growth in acute care days for CMC, AH Mercy, and AH University City by using a 1.7% annual growth rate, the same annual growth rate projected for overall population in the area served by Mecklenburg County facilities based on data from NC OSBM and SC RFA. The historical CAGRs for acute care days at those three facilities are all higher than the applicant’s projected growth rate of 1.7%.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on utilization but that it is also consistent with the projections included in previous projects.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center,

accounting for the earlier than anticipated opening of the new hospital. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman. The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open, and applied the same assumptions used in Project ID #F-12010-20 (proposing to develop AH Lake Norman) to project shifts through CY 2028.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2028.

The table below summarizes the applicant’s assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2028.

Summary of Projected Shifts in Acute Care Days							
	Current	Interim			FY 1	FY 2	FY 3
	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
AH Pineville**							
Acute Care Days	101,316	103,065	104,845	106,655	108,496	110,370	112,275
Projected Shifts	-1,665	-4,996	-5,231	-5,430	-5,639	-5,803	-5,973
Adjusted Acute Care Days	99,651	98,069	99,614	101,225	102,857	104,566	106,302
AH University City							
Acute Care Days	41,832	42,554	43,289	44,036	44,796	45,570	46,356
Projected Shifts	-19	-57	-1,156	-1,794	-2,496	-2,625	-2,763
Adjusted Acute Care Days	41,813	41,747	42,113	42,242	42,300	42,944	43,594
Carolinas Medical Center***							
Acute Care Days	373,726	380,180	386,743	393,420	400,212	407,122	414,151
Projected Shifts	-989	-2,968	-5,566	-7,110	-8,803	-9,186	-9,588
Adjusted Acute Care Days	372,737	377,212	381,177	386,310	391,409	397,936	404,563
AH Lake Norman							
Acute Care Days	--	--	3,709	5,857	8,222	8,656	9,114

Source: Section Q, Form C Assumptions and Methodology

*CY 2022 annualized utilization – based on January 2022 – July 2022 actual utilization and CY 2021 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
Atrium Health Pineville	102,857	104,566	106,302
Atrium Health University City	42,300	42,944	43,594
Carolinas Medical Center	391,409	397,936	404,563
Atrium Health Lake Norman	8,222	8,656	9,114
Projected Total Acute Care Bed Days	544,788	554,102	563,573
ADC	1,492	1,517	1,543
Total # of Beds	1,536	1,727	1,727
Occupancy %	97.1%	87.8%	89.3%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 89.3%. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients.

Discussion

- All Atrium facilities experienced a significant increase in utilization between 2021 and 2022 – even facilities that are theoretically at maximum capacity, such as CMC, and AH University City reported a utilization rate of greater than 100% for FFY 2022 based on data provided by AH University City to the Agency. All of these facilities benefitted from the COVID-19 bed expansion waiver, which allowed for a theoretically unlimited ability to add acute care bed capacity. The COVID-19 bed expansion waiver will end when the federal Public Health Emergency ends on May 11, 2023.

However, due to the impacts of the COVID-19 pandemic on health care and hospitals, it is impossible to predict what will happen to utilization once the COVID-19 bed expansion waiver expires. Nevertheless, Atrium has demonstrated that there was an increase in utilization at each of its facilities during the last year. Projected growth rates for facilities near or at capacity that may have been questionable in previous years are not necessarily questionable at this time.

Atrium’s FFY 2022 acute care bed utilization, based on information submitted by Atrium to the Agency, meets the required performance standard as of the date of these findings for all 65 additional acute care beds it proposes to add as part of the three applications it submitted for this review. Please see the Working Papers for documentation.

- Comments submitted during the public comment period state that Atrium did not include a discussion of how ALOS and discharges were calculated. Atrium provides a discussion and analysis of how ALOS and discharges were calculated on pages 22-23

of the Form C Utilization – Assumptions and Methodology subsection of Section Q that are reasonable and adequately supported.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at AH University City.
- When the applicant used some projections from previous applications, but did not use others, the applicant provided reasonable explanations as to why some projections from previous applications were not used.

Access to Medically Underserved Groups – In Section C, page 80, the applicant states:

“Atrium Health University City provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...”

...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 81, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	55.3%
Women	59.0%
Persons aged 65 and older	20.0%
Medicare beneficiaries	27.0%
Medicaid recipients	17.3%

In Section C, page 81, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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 based on the following:

- The applicant provides its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial assistance policies in Exhibit L.4-1.

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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

The following projects involving acute care beds at NH Presbyterian are approved and under development:

- F-8765-11: Add 14 acute care beds
- F-11625-18: Relocate 36 acute care beds to develop NH Ballantyne
- F-12144-21: Add 15 acute care beds

Project ID #F-8765-11 was originally approved to develop 50 acute care beds at the new NH Mint Hill hospital campus. Thirty-six of the 50 acute care beds were developed and are operational at NH Mint Hill. However, pursuant to a material compliance approval issued by the Agency on November 5, 2020, the remaining 14 acute care beds will be developed at NH Presbyterian.

Patient Origin – On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

Historical and Projected Patient Origin – Acute Care Services								
Area	CY 2021		FY 1 (CY 2024)		FY 2 (CY 2025)		FY 3 (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	18,317	68.6%	18,447	68.6%	19,021	68.6%	19,578	68.6%
Union	1,414	5.3%	1,424	5.3%	1,468	5.3%	1,511	5.3%
Gaston	1,273	4.8%	1,282	4.8%	1,322	4.8%	1,361	4.8%
York (SC)	1,267	4.7%	1,276	4.7%	1,316	4.7%	1,354	4.7%
Cabarrus	792	3.0%	798	3.0%	822	3.0%	847	3.0%
Rowan	709	2.7%	714	2.7%	736	2.7%	758	2.7%
Other*	2,941	11.0%	2,962	11.0%	3,054	11.0%	3,143	11.0%
Total	26,713	100.0%	26,902	100.0%	27,740	100.0%	28,552	100.0%

Source: Section C, pages 30, 32

*"Other" includes patients from other North Carolina counties as well as from other states.

In Section C, page 32, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based on historical patient origin at the same facility.
- The applicant explains why it believes it is reasonable for projected patient origin to remain the same as historical patient origin.

Analysis of Need – In Section C, pages 36-52, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The ALOS for inpatients at NH Presbyterian (both including and excluding NICU days) has increased by at least a full day between FFY 2017 and FFY 2022 annualized (based on October 2021 – July 2022 data). At the same time, the number of acute care beds at NH Presbyterian is about to decrease due to development of Novant Health Ballantyne, which involves relocating beds from NH Presbyterian. (pages 37-41)
- A factor contributing to the increase in ALOS is the increase in clinical complexity of patients. The applicant states that it has shifted lower-acuity surgical patients to outpatient settings, and it has recruited physicians and invested in service lines that lead to more clinically complex patients. The applicant states that while patients with COVID-19 may have a longer ALOS than other patients, COVID-19 patients were around 3% of NH Presbyterian’s inpatient discharges in FFY 2022 and it does not anticipate a “substantial” decrease in the ALOS in the near future. (pages 41-42)
- Even though ED visits decreased between FFY 2019-2021 due to impacts from COVID-19, the percent of ED visits resulting in inpatient admission increased over the same period of time. The applicant states high utilization of the acute care beds at NH Presbyterian has led to delays in admitting patients from the ED. The applicant states

its ED was on diversion status for a total of almost 11 full days during FFY 2021. (pages 42-44)

- Impacts from COVID-19 impacted existing capacity issues. The applicant states that, while there is no way to predict COVID-19 hospitalizations moving forward, it is likely that COVID-19 patients will continue to need inpatient services. (pages 44-45)
- Physician recruitment and expansion of service lines has led to more clinically complex patients and the ability to serve a wider range of patient needs at NH Presbyterian. The applicant states it has expanded surgical specialties along with stroke, complex spine, oncology, and neuroscience services. The applicant states that as a result of the recruitment and expansion of services, there has been an increase in the number of patients served, the average length of stay, and patient acuity at NH Presbyterian. (pages 45-46)
- The applicant states the population in Mecklenburg and Union counties will increase at a higher rate than the statewide average population growth between 2022-2026. The applicant states that older adults are the highest users of most services and the population aged 65 and older will grow more than twice as fast as any other age cohort in Mecklenburg County through 2026. The applicant further states that the life expectancy of Mecklenburg County residents has increased which will also contribute to additional utilization. (pages 46-50)
- The applicant states it has invested in communities throughout Mecklenburg County by relocating acute care beds from NH Presbyterian and by applying for new acute care beds to develop community hospitals in other areas of Mecklenburg County. The applicant states the proposed project will increase access in a growing and highly populated area of the county and will ensure access for patients who need more advanced services not offered by Novant community hospitals. (pages 50-52)

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

- The applicant uses verifiable historical data from NH Presbyterian to support its belief that it needs additional acute care bed capacity at NH Presbyterian.
- The applicant identifies circumstances at NH Presbyterian that support its belief that it needs additional acute care bed capacity at NH Presbyterian, such as the increase in percentage of ED patients admitted to the hospital and ED diversionary status at NH Presbyterian.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

NH Presbyterian Historical & Projected Utilization – Acute Care Beds				
	CY 2021	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
# of Beds	519	542	542	542
# of Discharges	26,713	26,902	27,740	28,552
# of Patient Days	158,896	161,664	166,785	171,786
ALOS (in days)	5.9	6.0	6.0	6.0
Occupancy Rate	79.1%	81.7%	84.3%	86.8%

In the Form C Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization for NH Presbyterian, which are summarized below.

The applicant provided utilization projections for neonatal intensive care unit (NICU) beds and all other acute care beds separately because of the change to the need methodology calculations that exclude NICU beds and patient days from the acute care bed need determinations in the 2023 SMFP. However, since the 2022 SMFP is applicable to this review, and NICU beds and patient days are still included in the need determination calculations, the Project Analyst combined the calculations where necessary.

- The applicant incorporated its utilization projections from certain past projects to project utilization system-wide and the impacts on NH Presbyterian.
 - Project ID #F-11993-20: The applicant adopted the assumptions and methodology used in this project approving the development of Novant Health Steele Creek (NH Steele Creek). The applicant states that while there is more recent data available, that data is impacted by COVID-19. The utilization projections adopted by the applicant project a shift in acute care days from NH Presbyterian to NH Steele Creek that will continue past the third project year of the current application.
 - Project ID #F-11808-19: The applicant adopted the assumptions and methodology used in this project approving the development of 20 acute care beds at Novant Health Matthews (NH Matthews). The applicant states that while there is more recent data available, that data is impacted by COVID-19. The applicant states that the opening date of Novant Health Ballantyne (NH Ballantyne) has shifted out six months from when this project was approved, and the development date of the 20 acute care beds in the approved project was moved out more than two years due to an appeal, but that neither schedule change materially affects the projections impacting NH Presbyterian. The utilization projections adopted by the applicant project a shift in acute care days from NH Presbyterian to NH Ballantyne and continue through the third project year of the current application.

Non-NICU Beds

- The applicant calculated the 4-year and 5-year CAGR for inpatient days of care at NH Presbyterian, excluding NICU acute care days, using data from FFY 2017-2021 and FFY 2017-2022 annualized. The applicant states that its FFY 2022 utilization is annualized based on 10 months of data and the actual utilization may be higher.

The applicant's annual license renewal application (LRA) containing data for FFY 2022 was approved during the review and is publicly available. Based on the data submitted by the applicant, the annualized utilization is consistent with the actual reported utilization for FFY 2022.

- The applicant used the 5-year CAGR of 3.5%, based on utilization for FFY 2017-2022 annualized, to project patient days of care at NH Presbyterian. The projected growth rate is lower than the 4-year CAGR (FFY 2018-2022) calculated by the applicant.
- The applicant converted projections from FFYs to CYs using the following formula:

$$CY = (FY * 0.75) + ([FY + 1] * 0.25)$$

- The applicant projected a shift in days of care from NH Presbyterian to NH Steele Creek and NH Ballantyne, consistent with its previously approved applications to develop 20 acute care beds at NH Matthews (Project ID #F-11808-19) and to develop NH Steele Creek (Project ID #F-11993-20).
- The applicant projected ALOS based on FFY 2022 annualized NH Presbyterian ALOS and used the projected ALOS to calculate the projected number of discharges.

NICU Beds

- The applicant calculated the 5-year CAGR for NICU days at NH Presbyterian based on FFY 2017-2022 annualized data and projected growth of NICU days at one-half of the 5-year CAGR for NH Presbyterian for FFYs 2023-2027.
- The applicant projected NICU ALOS based on the FFY 2022 annualized NH Presbyterian NICU ALOS and used the projected NICU ALOS to calculate the projected number of NICU discharges.

The applicant's assumptions, methodology, and projected utilization of acute care beds at NH Presbyterian during the first three full fiscal years following project completion are summarized in the table below.

NH Presbyterian Projected Utilization (without NICU)						
	FFY 2022*	FFY 2023	FFY 2024	FFY 2025	FFY 2026	FFY 2027
Acute Care Days (3.5% CAGR)	129,872	134,464	139,217	144,139	149,235	154,511
		CY 2023	CY 2024	CY 2025	CY 2026	
Conversion to CY		135,652	140,448	145,413	150,554	
Shift to NH Steele Creek		--	--	-179	-1,119	
Shift to NH Ballantyne		-1,986	-2,486	-3,016	-3,112	
Remaining Acute Care Days		133,666	137,962	142,218	146,323	
Discharges (ALOS = 5.4 days)		24,673	25,466	26,251	27,009	
ADC		366	378	389	401	
Total Beds		492	492	492	492	
Occupancy Rate		74.4%	76.8%	79.1%	81.5%	
NH Presbyterian NICU Projected Utilization						
	FFY 2022*	FFY 2023	FFY 2024	FFY 2025	FFY 2026	FFY 2027
NICU Days (3.65% CAGR)	21,863	22,661	23,488	24,345	25,233	26,154
		CY 2023	CY 2024	CY 2025	CY 2026	
Conversion to CY		22,867	23,702	24,567	25,463	
Discharges (ALOS = 16.5 days)		1,386	1,436	1,489	1,543	
NH Presbyterian Combined Projected Utilization						
NICU Days		22,867	23,702	24,567	25,463	
Non-NICU Acute Care Days		133,666	137,962	142,218	146,323	
Total Combined Acute Care Days		156,534	161,664	166,785	171,786	
ADC		429	443	457	470	
Total Beds		542	542	542	542	
Occupancy Rate		79.2%	81.7%	84.3%	86.7%	

*FFY 2022 is annualized based on October 2021 – July 2022 data

Novant Health System

The Novant health system for acute care beds in Mecklenburg County consists of NH Matthews, Novant Health Huntersville (NH Huntersville), NH Presbyterian, Novant Health Mint Hill (NH Mint Hill), and the approved NH Ballantyne and NH Steele Creek. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization for NH Presbyterian, which are summarized below.

- The applicant incorporated its utilization projections from certain past projects to project utilization system-wide and the impacts on NH Presbyterian.
 - Project ID #F-11993-20: The applicant adopted the assumptions and methodology used in this project approving the development of NH Steele Creek. The applicant

states that while there is more recent data available, that data is impacted by COVID-19. The utilization projections adopted by the applicant project a shift in acute care days from other Novant hospitals to NH Steele Creek and continue past the third project year of the current application.

- Project ID #F-11808-19: The applicant adopted the assumptions and methodology used in this project approving the development of 20 acute care beds at NH Matthews. The applicant states that while there is more recent data available, that data is impacted by COVID-19. The applicant states that the opening date of NH Ballantyne has shifted out six months from when this project was approved, and the development date of the 20 acute care beds in the approved project was moved out more than two years due to an appeal, but that neither schedule change materially affects the projections impacting NH Presbyterian. The utilization projections adopted by the applicant project growth in acute care days at NH Matthews at an annual rate of 1.8% and project a shift in acute care days from other Novant hospitals to NH Ballantyne and continue through the third project year of the current application.
- The applicant calculated the 4-year and 5-year CAGR for inpatient days of care at NH Huntersville, excluding NICU acute care days, using data from FFY 2017-2021 and FFY 2017-2022 annualized. The applicant states that its FFY 2022 utilization is annualized based on 10 months of data and the actual utilization may be higher.

The applicant's annual LRA containing data for FFY 2022 was approved during the review and is publicly available. Based on the data submitted by the applicant, the annualized utilization is consistent with the actual reported utilization for FFY 2022.

- The applicant used a CAGR of 3.4%, one-half of the 5-year CAGR of 6.8%, based on utilization for FFY 2017-2022 annualized, to project patient days of care at NH Huntersville. The projected growth rate used is lower than 5.7%, the 4-year CAGR (FFYs 2018-2022) calculated by the applicant.
- The applicant converted projections from FFYs to CYs using the following formula:
$$CY = (FY * 0.75) + ([FY + 1] * 0.25)$$
- The applicant projected a shift in days of care from NH Huntersville to NH Steele Creek and NH Ballantyne, consistent with its previously approved applications to develop 20 acute care beds at NH Matthews (Project ID #F-11808-19) and to develop NH Steele Creek (Project ID #F-11993-20).
- The applicant projected ALOS based on FFY 2022 annualized NH Huntersville ALOS and used the projected ALOS to calculate the projected number of discharges.

- The applicant separately projected NICU days of care at NH Huntersville. The applicant calculated the 5-year CAGR for NICU days at NH Huntersville based on FFY 2017-2022 annualized data. The applicant projected growth of NICU days based on that 5-year CAGR for NH Huntersville. The applicant projected NICU ALOS based on FFY 2022 annualized NH Huntersville NICU ALOS and used the projected NICU ALOS to calculate the projected number of NICU discharges.
- The applicant projected utilization for NH Mint Hill by using the Mecklenburg County Growth Rate Multiplier (CGRM) of 3.31% as published in the 2022 SMFP. The applicant states there is very little data for NH Mint Hill that is unaffected by COVID-19 (NH Mint Hill began offering services on October 1, 2018). The applicant states actual historical growth at NH Mint Hill has been much higher than the projected growth rate.

The applicant’s projections are summarized in the tables below.

NH Huntersville Projected Utilization (without NICU)						
	FFY 2022*	FFY 2023	FFY 2024	FFY 2025	FFY 2026	FFY 2027
Acute Care Days (3.4% CAGR)	29,623	30,628	31,666	32,740	33,851	34,999
		CY 2023	CY 2024	CY 2025	CY 2026	
Conversion to CY		30,377	31,407	32,472	33,573	
Shift to NH Steele Creek		--	--	-9	-56	
Shift to NH Ballantyne		-19	-24	-29	-30	
Remaining Acute Care Days		30,357	31,382	32,433	33,487	
NH Huntersville NICU Projected Utilization						
	FFY 2022*	FFY 2023	FFY 2024	FFY 2025	FFY 2026	FFY 2027
NICU Days (1.7% CAGR)	1,775	1,805	1,836	1,868	1,900	1,933
		CY 2023	CY 2024	CY 2025	CY 2026	
Conversion to CY		1,813	1,844	1,876	1,908	
NH Huntersville Combined Projected Utilization						
NICU Days		1,813	1,844	1,876	1,908	
Non-NICU Acute Care Days		30,357	31,382	32,433	33,487	
Total Combined Acute Care Days		32,170	33,226	34,309	35,395	

*FFY 2022 is annualized based on October 2021 – July 2022 data

**Average Daily Census = Number of days / 365.25 days per year

Novant Health System Projected Acute Care Bed Utilization			
	CY 2024	CY 2025	CY 2026
NH Steele Creek (based on Project ID #F-11993-20)	--	897	5,595
NH Ballantyne (based on Project ID #F-11808-19)	8,097	9,824	10,137
NH Mint Hill (based on 2022 SMFP Mecklenburg CGRM of 3.31%)	11,197	11,568	11,951
NH Matthews (based on Project ID #F-11808-19)	43,588	44,376	45,594
NH Huntersville	33,226	34,309	35,395
NH Presbyterian	161,664	166,785	171,786
Novant Health System Total	257,773	267,759	280,458
ADC*	706	733	768
Existing/Approved Beds	971	971	971
Projected Utilization Rate	72.7%	75.5%	79.1%

*Average Daily Census = Number of days / 365.25 days per year

As shown in the table above, in the third full fiscal year following project completion, the applicant projects the utilization for all acute care beds owned by the applicant in Mecklenburg County will be 79.1%. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2% when the projected ADC is greater than 200 patients.

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

- The applicant adequately supported justifications for why it used historical utilization projections instead of updating projections with more recent data, but which was impacted by COVID-19.
- The applicant calculated multiple growth rates for acute care days at NH Presbyterian and NH Huntersville and used growth rates equal to or lower than the lowest of the calculated growth rates to project utilization at each facility.
- While the applicant’s data shows a decline in acute care days at NH Presbyterian between FFY 2021 and FFY 2022 annualized, the applicant used a projected growth rate for acute care days at NH Presbyterian that included two periods of time where acute care days declined year over year, including FFY 2022 annualized, which factors in the declines in acute care days.
- The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.
- To demonstrate that it meets the required performance standard, the applicant projected growth at NH Mint Hill based on the CGRM for Mecklenburg County as published in the 2022 SMFP, which is lower than the actual historical growth rates at NH Mint Hill.

- The applicant uses FFY 2022 annualized utilization as the starting point for calculations at NH Presbyterian and NH Huntersville. Both LRAs, publicly available during this review, show that the FFY 2022 annualized data is consistent with actual FFY 2022 utilization.
- The applicant’s projections for acute care days at NH Matthews assume that it will provide 42,806 acute care days (including NICU days) in CY 2023, after a shift of 1,811 acute care days away from NH Matthews to NH Ballantyne. The NH Matthews LRA, publicly available during this review, shows that NH Matthews provided 45,381 acute care days during FFY 2022.

The applicant’s projections for acute care days at NH Mint Hill assume that it will provide 10,838 acute care days during CY 2023, based on a growth rate equivalent to the Mecklenburg CGRM as published in the 2022 SMFP. The NH Mint Hill LRA, publicly available during this review, shows that NH Mint Hill provided 10,785 acute care days during FFY 2022.

The applicant uses utilization projections that are consistent with or more conservative than the currently available utilization data for certain facilities.

Access to Medically Underserved Groups – In Section C, pages 56-57, the applicant describes how it will provide access to medically underserved groups. On page 56, the applicant states:

“Novant Health has been recognized by organizations such as the Human Rights Campaign (HRC) Foundation and the Centers for Medicare & Medicaid Services for its efforts to promote health equity and reduce healthcare disparities. Novant Health’s Department of Equity and Inclusion is committed to ensuring equity such that each person has the appropriate access to opportunities and resources to attain their highest quality of life. ...

...

...the Novant Health Charity Care policies and Business Office policies...do not require any financial payment for individuals requiring an urgent or emergent admission for care as determined to be medically necessary by an admitting physician. Novant Health adheres to a series of Charity Care and related policies that create the framework for access to services by patients with limited financial means (Charity Care, Uninsured Discount, and Catastrophic Settlement Policies).”

On page 57, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Low-income persons	18.1%
Racial and ethnic minorities	39.8%
Women	61.2%
Persons aged 65 and older	30.1%
Medicare beneficiaries	30.1%
Medicaid recipients	18.8%

In Section C, page 57, the applicant states it does not keep data on persons with disabilities, but they are not denied access to services.

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 based on the following:

- The applicant provides its Patient Accessibility Policies in Exhibit C.6.
- The applicant provides its Patient Financial Policies in Exhibit L.4.
- The applicant is one of only two health systems in the country to be accredited in the National Committee for Quality Assurance’s new Health Equity Accreditation Plus program.

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.

NA – All Applications

None of the applicants 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.

C – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section E, pages 94-95, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in potential delays in treatment for patients, long wait times in the ED for admission, and would provide limited options to accommodate future growth; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at CMC and AH University City being proposed concurrently; therefore, this was not an effective alternative.

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

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

Conclusion – 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 for all the reasons stated above.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

In Section E, pages 95-97, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients, would provide limited options to accommodate future growth, and is not a realistic option for the only quaternary care facility in the region; therefore, this was not an effective alternative.
- Develop the New Beds in Existing Space at CMC: the applicant states there are not enough existing spaces that could easily be converted to acute care bed space without extensive renovations and loss of other space in the process. The applicant further states renovations to upfit existing space for some of the acute care beds would be disruptive to current operations and is not practical, given the development of the patient tower; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at AH University City and AH Pineville being proposed concurrently; therefore, this was not an effective alternative.

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

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

Conclusion – 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 for all the reasons stated above.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

In Section E, pages 91-92, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in potential delays in treatment for patients, long wait times in the ED for admission, and would provide limited options to accommodate future growth; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at CMC and at AH Pineville being proposed concurrently; therefore, this was not an effective alternative.

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

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

Conclusion – 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 for all the reasons stated above.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

In Section E, pages 66-67, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states the projected growth in acute care days requires additional beds to provide access; therefore, this was not an effective alternative.
- Develop a Different Number of Acute Care Beds: the applicant states the proposed number of beds is based on the physical capacity of the facility, projected patient demand, a balance between licensed beds and observation beds, and the number of beds approved by the SMFP. The applicant states the existing facility can accommodate 30 additional acute care beds at this time; therefore, this was not an effective alternative.
- Construct New Space at NH Presbyterian to Accommodate Additional Beds: the applicant states existing buildings on the NH Presbyterian campus could be replaced to add acute care bed capacity, but the time and costs involved are far greater than the time and costs to develop beds in existing space that is up to code. The applicant further states adding beds in the existing facility allows it to replace other buildings on campus based on community growth, while retaining flexibility and minimizing costs. Therefore, this was not an effective alternative.
- Develop Additional Acute Care Beds at a Different Location: the applicant states it has relocated acute care beds and operating rooms to develop smaller community hospitals and has been approved to develop new acute care beds and operating rooms for new community hospitals. The applicant states that developing beds at NH Presbyterian will ensure adequate access for patients that need advanced services not offered by Novant community hospitals; therefore, this was not an effective alternative.

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

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

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 stated above.

- (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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

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

Construction Costs	\$5,132,000
Architect/Engineering Fees	\$595,000
Medical Equipment	\$250,000
Non-Medical Equipment/Furniture	\$99,000
Consultant Fees	\$184,000
Financing Costs/Interest During Construction	\$200,338
Other (Info Systems and contingency)	\$1,040,000
Total	\$7,500,338

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s experience or the project architect’s experience in developing similar projects.

- In Exhibit F.1, the applicant provides a cost estimate from a licensed architect that matches the amounts listed in Form F.1a.

In Section F, pages 98-99, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH Pineville is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, pages 96-97, the applicant states the entire projected capital expenditure of \$7,500,338 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 17, 2022, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Combined Financial Statements and Other Financial Information for the year ending December 31, 2021. According to the Combined Financial Statements, as of December 31, 2021, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – AH Pineville Acute Care Beds			
	1st Full FY CY 2025	2nd Full FY CY 2026	3rd Full FY CY 2027
Total Discharges	20,802	20,955	20,933
Total Gross Revenues (Charges)	\$370,728,861	\$384,659,179	\$395,775,029
Total Net Revenue	\$95,951,822	\$99,557,258	\$102,434,256
Total Net Revenue per Discharge	\$4,613	\$4,751	\$4,893
Total Operating Expenses (Costs)	\$81,419,530	\$83,858,501	\$86,259,603
Total Operating Expenses per Discharge	\$3,914	\$4,002	\$4,121
Net Income/(Losses)	\$14,532,292	\$15,698,758	\$16,174,653

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- 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 cost is 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.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

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

Site Prep/Construction Contract/Landscaping	\$29,938,885
Architect/Engineering Fees	\$7,991,198
Medical Equipment	\$6,118,242
Non-Medical Equipment/Furniture	\$846,813
Consultant/Legal Fees	\$220,000
Financing Costs/Interest During Construction	\$3,493,675
Other (Info Systems, Internal allocation, security)	\$14,103,031
Total	\$62,711,844

The applicant provides its assumptions and methodology for projecting capital cost in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Section Q immediately following Form F.1a, the applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s experience or the project architect’s experience in developing similar projects.
- In Exhibit F.1, the applicant provides a cost estimate from a licensed architect that matches the amounts listed in Form F.1a.

In Section F, pages 100-101, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because CMC is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, pages 98-100, the applicant states the entire projected capital expenditure of \$62,711,844 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 17, 2022, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Consolidated Financial Statements and Other Financial Information for the year ending December 31, 2021. According to the Basic Financial Statements, as of December 31, 2021, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – CMC Acute Care Beds*			
	1st Full FY CY 2028	2nd Full FY CY 2029	3rd Full FY CY 2030
Total Discharges	47,471	48,264	49,070
Total Gross Revenues (Charges)	\$1,764,499,531	\$1,847,825,108	\$1,935,047,001
Total Net Revenue	\$483,596,584	\$506,433,634	\$530,338,548
Total Net Revenue per Discharge	\$10,187	\$10,493	\$10,808
Total Operating Expenses (Costs)	\$387,763,935	\$404,531,544	\$422,079,060
Total Operating Expenses per Discharge	\$8,168	\$8,382	\$8,602
Net Income/(Losses)	\$95,832,649	\$101,902,090	\$108,259,488

*The applicant excludes revenues and expenses for AH Mercy.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- 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 cost is 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.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

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

Construction Costs	\$4,193,916
Architect/Engineering Fees	\$279,555
Medical Equipment	\$1,030,854
Non-Medical Equipment/Furniture	\$286,370
Consultant/Legal Fees	\$150,000
Financing Costs/Interest During Construction	\$143,854
Other (Info Systems and contingency)	\$2,587,359
Total	\$8,671,908

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s experience or the project architect’s experience in developing similar projects.
- In Exhibit F.1, the applicant provides a cost estimate from a licensed architect that matches the amounts listed in Form F.1a.

In Section F, pages 95-96, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH University City is an

existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, pages 93-95, the applicant states the entire projected capital expenditure of \$8,671,908 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 17, 2022, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2021. According to the Basic Financial Statements, as of December 31, 2021, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – AH University City Acute Care Beds			
	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Total Discharges	8,693	8,826	8,959
Total Gross Revenues (Charges)	\$186,852,350	\$195,387,294	\$204,292,236
Total Net Revenue	\$53,389,798	\$55,828,510	\$58,372,941
Total Net Revenue per Discharge	\$6,142	\$6,325	\$6,516
Total Operating Expenses (Costs)	\$40,108,906	\$41,819,946	\$43,604,117
Total Operating Expenses per Discharge	\$4,614	\$4,738	\$4,867
Net Income/(Losses)	\$13,280,892	\$14,008,564	\$14,768,825

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2b and F.3b in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- 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 cost is 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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

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

Construction/Renovation Contract(s)	\$21,990
Furniture	\$23,010
Consultant Fees	\$55,000
Contingency	\$10,000
Total	\$110,000

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form O in Section Q. The applicant adequately demonstrates that

the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides information on what costs are included in the calculation of each line item in the projected capital cost.
- The applicant explains why certain costs are not included in Form F.1a and the explanation is consistent with other statements made by the applicant elsewhere in its application.
- In Exhibit F.1, the applicant provides a letter from a licensed architect that explains the details behind the capital cost projections and why the projections are reasonable.

In Section F, page 70, the applicant states there will be no working capital costs because NH Presbyterian is an existing and operational facility that currently offers the services proposed in this application. This information is reasonable and adequately supported because NH Presbyterian is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, pages 68-69, the applicant states the entire projected capital expenditure of \$110,000 will be funded by Novant’s accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated September 28, 2022, from the Senior Vice President of Operational Finance & Revenue Cycle for Novant, stating that Novant has sufficient accumulated reserves to fund all projected capital costs and committing to providing that funding to develop the proposed project.

Exhibit F.2 also contains a copy of the audited Consolidated Financial Statements and Supplemental Information for Novant Health, Inc. and Affiliates for the years ending December 31, 2021, and 2020. According to the audited Consolidated Financial Statements, as of December 31, 2021, Novant had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Novant official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

Financial Feasibility – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section

Q, the applicant projects operating expenses will exceed revenues in the first full fiscal year following project completion, but revenues will exceed operating expenses in the second and third full fiscal years following project completion, as shown in the table below.

NH Presbyterian Revenues and Operating Expenses – Acute Care Services			
	1st Full FY CY 2024	2nd Full FY CY 2025	3rd Full FY CY 2026
Number of Discharges	26,902	27,740	28,552
Total Gross Revenues (Charges)	\$2,023,705,349	\$2,150,444,177	\$2,281,372,363
Total Net Revenue	\$578,104,221	\$614,309,220	\$651,710,978
Total Net Revenue per Discharge	\$21,489	\$22,145	\$22,825
Total Operating Expenses (Costs)	\$579,266,544	\$611,648,082	\$645,215,145
Total Operating Expense per Discharge	\$21,532	\$22,049	\$22,598
Net Income/(Losses)	(\$1,162,323)	\$2,661,138	\$6,495,833

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

- The applicant clearly details the sources of information it uses to make its projections.
- The applicant provides a reasonable explanation of the historical information it used and why it was used to make projections.
- 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 based on 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 – All Applications

The 2022 SMFP includes a need determination for 65 acute care beds in the Mecklenburg County service area.

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,603 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville*	278 (+25)
AH University City	104 (+8)
CMC-Main**	1,064 (+153)
Atrium Total	1,446 (+216)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-7)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+93)
Mecklenburg County Total	2,294 (+309)

Source: Table 5A, 2022 SMFP; applications under review; 2022 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

**Includes the AH Mercy campus licensed as part of CMC.

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section G, page 106, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 106, the applicant states:

“The 2022 SMFP includes a need determination for 65 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2022 SMFP identifies the total system-wide need for [Atrium] as 176 acute care beds. ..., and patient need is projected to increase. As the only tertiary hospital in Mecklenburg County located outside of the center city area, no other provider can meet the needs of Atrium Health Pineville’s patients.

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 proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – 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 for all the reasons described above.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

In Section G, page 108, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 108, the applicant states:

“The 2022 SMFP includes a need determination for 65 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2022 SMFP identifies the total system-wide need for [Atrium] as 176 acute care beds. ..., and patient need is projected to increase. As the only hospital in the region that provides quaternary level care, no other provider can meet the needs of CMC’s patients.”

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 proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – 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 for all the reasons described above.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

In Section G, page 103, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 103, the applicant states:

“The 2022 SMFP includes a need determination for 65 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2022 SMFP identifies the total system-wide need for [Atrium] as 176 acute care beds. ..., and patient need is expected to increase.”

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 proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – 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 for all the reasons described above.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

In Section G, page 77, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds in Mecklenburg County. On page 77, the applicant states:

“...the 2022 SMFP projects a deficit for 95 additional acute care beds at NHPMC. Sections C.4 and E.2 describe in detail why other locations are not feasible to meet the need NHPMC has for an [sic] additional acute care bed capacity. The project will enhance access to acute care services by developing incremental capacity in a densely populated and growing area of Mecklenburg County.

The proposed project is needed to expand access to NHPMC’s well-utilized acute care services. ..., Novant Health demonstrates the need the population has for the proposed project based on demographic data specific to the service area, historical Novant Health acute care utilization, and qualitative benefits.”

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 proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is 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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

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

AH Pineville Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2021	CY 2025	CY 2026	CY 2027
Registered Nurses	339	399	399	399
Certified Nurse Aides/Nursing Assistants	5	6	6	6
Supervisory	7	8	8	8
Clerical	8	9	9	9
Technicians	99	116	116	116
Temporary Help	5	6	6	6
Total Staffing	464	546	546	546

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 108-110, 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 based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

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 described above.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

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

CMC Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2021	CY 2028	CY 2029	CY 2030
Registered Nurses	1,663	1,888	1,920	1,952
Certified Nurse Aides/Nursing Assistants	15	17	18	18
Administrator/CEO	2	2	2	2
Supervisory	37	43	43	44
Business Office	18	21	21	21
Clerical	37	42	43	43
Technicians	338	384	391	397
Temporary Help	31	36	36	37
Total Staffing	2,143	2,433	2,473	2,515

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 110-112, 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 based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

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 described above.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

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

AH University City Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2021	CY 2026	CY 2027	CY 2028
Registered Nurses	161	194	197	200
Certified Nurse Aides/Nursing Assistants	8	9	9	9
Supervisory	4	5	5	5
Clerical	4	4	4	4
Technicians	45	54	54	55
Temporary Help	6	7	7	7
Total Staffing	227	273	277	281

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 105-107, 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 based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.

- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

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 described above.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

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

NH Presbyterian Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2021	CY 2024	CY 2025	CY 2026
Nurse Practitioners	23.3	23.3	23.3	23.3
Registered Nurses	854.2	894.4	922.8	950.4
Certified Nurse Aides/ Nursing Assistants	211.5	213.9	213.9	213.9
Director of Nursing	3.0	3.0	3.0	3.0
Clerical	94.0	94.0	94.0	94.0
Total Staffing	1,186.0	1,228.6	1,257.0	1,284.6

The assumptions and methodology used to project staffing are provided immediately following Form O in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 79-81, the applicant describes the methods to be used to recruit or

fill new positions and its proposed training and continuing education programs. The applicant provides supporting documentation in Exhibit H-3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and provides documentation about the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

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 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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 112, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 112-113, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates

that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from an Atrium executive, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 113, the applicant describes AH Pineville’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop, and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

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.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 114, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 114-115, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at CMC, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 115, the applicant describes CMC’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

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.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

Ancillary and Support Services – In Section I, page 109, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 109-110, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from the Vice President and Facility Executive of AH University City, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 110, the applicant describes AH University City’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

Ancillary and Support Services – In Section I, page 83, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 83, the applicant explains how each ancillary and support service will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the applicant’s statement that the ancillary and support services are already available and will continue to be available to all patients receiving acute care services at NH Presbyterian.

Coordination – In Section I, pages 84-85, the applicant describes Novant’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Novant.

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 – All Applications

None of the applicants 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, none of the applicants 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 – All Applications

None of the applicants are HMOs. 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.

NA – NH Presbyterian
C – All Other Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section K, page 116, the applicant states that the project involves renovating 4,400 square feet of existing space. Line drawings are provided in Exhibit C.1.

On pages 116-117, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal. The applicant states the proposed acute care beds will be developed in existing space in a patient tower designed for acute care beds.

On page 117, 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 applicant states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 35-36, 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
- Information which was publicly available during the review and used by the Agency

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

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

In Section K, page 118, the applicant states that the project involves upfitting 40,000 square feet of existing space on Levels 7 and 8 of the patient bed tower under development. Line drawings are provided in Exhibit C.1-2.

On September 30, 2020, the Agency determined that a proposal from Atrium to construct a new patient tower on the campus of CMC was exempt from review pursuant to G.S. 131E-184(g). In that request, Atrium proposed to develop a 12-story patient tower which would be adjacent to and connected to CMC. The applicant proposes to develop nine acute care beds on Level 7 and 29 acute care beds on Level 8 of the patient bed tower. In Section C, page 37, the applicant states that it included costs for the construction of the relevant portion of the new patient tower in its capital expenditure. Thus, while the applicant states that the space will be renovated, it can also be considered new construction.

In Section K, pages 118-119, 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 states the proposed acute care beds will be developed in the new patient tower already under construction.
- The applicant states that by developing the acute care beds in the patient tower under construction, it can add acute care bed capacity and develop it efficiently at a reasonable cost.

On page 119, 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 applicant states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 34-35, 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
- Information which was publicly available during the review and used by the Agency

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

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

In Section K, page 113, the applicant states that the project involves renovating 10,670 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

In Section K, pages 113-114, 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 states the proposed acute care beds will be developed in existing space rather than in new construction.
- The applicant states that these 16 acute care beds are needed for AH University City to have occupancy rates of less than 100%.

On page 114, 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 applicant states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 34-35, 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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

The applicant does not propose to construct any new space or make more than minor renovations to existing space. Therefore, Criterion (12) is not applicable to this review.

- (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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

In Section L, page 120, the applicant provides the historical payor mix during CY 2021 at AH Pineville, as shown in the table below.

AH Pineville Historical Payor Mix – CY 2021	
Payor Category	Entire Facility
Self-Pay	10.2%
Medicare*	33.0%
Medicaid*	13.0%
Insurance*	40.8%
Other**	3.0%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 121, the applicant provides the following comparison.

AH Pineville	Percentage of Total Patients Served During CY 2021	Percentage of the Population of Mecklenburg County
Female	57.6%	51.7%
Male	42.4%	48.3%
Unknown	0.0%	0.0%
64 and Younger	70.9%	88.1%
65 and Older	29.1%	11.9%
American Indian	0.7%	0.9%
Asian	2.4%	6.5%
Black or African American	27.1%	33.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	65.0%	56.6%
Other Race	1.0%	2.6%
Declined / Unavailable	3.7%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

In Section L, page 122, the applicant provides the historical payor mix during CY 2021 at CMC, as shown in the table below.

CMC Historical Payor Mix – CY 2021	
Payor Category	Entire Facility
Self-Pay	10.8%
Medicare*	32.8%
Medicaid*	17.2%
Insurance*	37.6%
Other**	1.6%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 123, the applicant provides the following comparison.

CMC	Percentage of Total Patients Served During CY 2021	Percentage of the Population of Mecklenburg County
Female	58.8%	51.7%
Male	41.1%	48.3%
Unknown	0.1%	0.0%
64 and Younger	73.1%	88.1%
65 and Older	26.9%	11.9%
American Indian	0.7%	0.9%
Asian	3.3%	6.5%
Black or African American	30.8%	33.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	56.3%	56.6%
Other Race	1.5%	2.6%
Declined / Unavailable	7.3%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

In Section L, page 117, the applicant provides the historical payor mix during CY 2021 at AH University City, as shown in the table below.

AH University City Historical Payor Mix – CY 2021	
Payor Category	Entire Facility
Self-Pay	12.9%
Medicare*	27.0%
Medicaid*	17.3%
Insurance*	39.9%
Other**	2.9%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 118, the applicant provides the following comparison.

AH University City	Percentage of Total Patients Served During CY 2021	Percentage of the Population of Mecklenburg County
Female	59.0%	51.7%
Male	40.9%	48.3%
Unknown	0.1%	0.0%
64 and Younger	80.0%	88.1%
65 and Older	20.0%	11.9%
American Indian	1.3%	0.9%
Asian	3.6%	6.5%
Black or African American	48.5%	33.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	40.4%	56.6%
Other Race	1.8%	2.6%
Declined / Unavailable	4.3%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

In Section L, page 91, the applicant provides the historical payor mix during CY 2021 at NH Presbyterian, as shown in the table below.

NH Presbyterian Historical Payor Mix – CY 2021	
Payor Category	Entire Facility
Self-Pay	1.5%
Charity Care	5.7%
Medicare*	27.1%
Medicaid*	17.0%
Insurance*	44.9%
Workers Compensation	0.4%
TRICARE	0.8%
Other (Institutional, Other Gov't)	2.5%
Total	100.0%

*Including any managed care plans.

Source: Novant internal data

In Section L, page 92, the applicant provides the following comparison.

NH Presbyterian	Percentage of Total Patients Served During CY 2021	Percentage of the Population of Mecklenburg County
Female	61.2%	51.7%
Male	38.8%	48.3%
Unknown	0.0%	0.0%
64 and Younger	75.1%	88.1%
65 and Older	24.9%	11.9%
American Indian	0.3%	0.9%
Asian	2.6%	6.5%
Black or African American	36.9%	33.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	48.5%	45.3%
Other Race	7.8%	2.6%
Declined / Unavailable	3.9%	0.0%

Source: Novant internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 122, the applicant states it has no such obligation.

In Section L, page 123, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 124, the applicant states it has no such obligation.

In Section L, page 125, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 119, the applicant states it has no such obligation.

In Section L, pages 119-120, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 93, the applicant states it has no such obligation.

In Section L, page 93, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

In Section L, pages 123-124, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

AH Pineville Projected Payor Mix – CY 2027		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	10.2%	4.5%
Medicare*	33.0%	57.7%
Medicaid*	13.0%	10.3%
Insurance*	40.8%	25.5%
Other**	3.0%	2.0%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 10.2% of total services and 4.5% of acute care bed services will be provided to self-pay patients, 33% of total services and 57.7% of acute care bed services to Medicare patients, and 13% of total services and 10.3% of acute care bed services to Medicaid patients.

In Section L, pages 123-125, the applicant describes charity care provided at AH Pineville, states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 5.1% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On page 124, 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 projected patient payor mix is based on the historical patient payor mix.

- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

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 based on the reasons stated above.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

In Section L, pages 125-126, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

CMC Projected Payor Mix – CY 2030		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	10.8%	5.1%
Medicare*	32.8%	36.6%
Medicaid*	17.2%	28.3%
Insurance*	37.6%	26.9%
Other**	1.6%	3.1%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 10.8% of total services and 5.1% of acute care bed services will be provided to self-pay patients, 32.8% of total services and 36.6% of acute care bed services to Medicare patients, and 17.2% of total services and 28.3% of acute care bed services to Medicaid patients.

In Section L, pages 125-126, the applicant states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 5% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On pages 125-126, 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 projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

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 based on the reasons stated above.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

In Section L, pages 120-121, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

AH University City Projected Payor Mix – CY 2028		
Payor Category	Entire Facility	Acute care beds
Self-Pay	12.9%	6.6%
Medicare*	27.0%	46.3%
Medicaid*	17.3%	16.2%
Insurance*	39.9%	28.0%
Other**	2.9%	2.9%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 12.9% of total services and 6.6% of acute care bed services will be provided to self-pay patients, 27% of total services and 46.3% of acute care bed services to Medicare patients, and 17.3% of total services and 16.2% of acute care bed services to Medicaid patients.

In Section L, pages 120-121, the applicant states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 7.4% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On pages 120-121, 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 projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

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 based on the reasons stated above.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

In Section L, page 94, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

NH Presbyterian Projected Payor Mix – FY 3 (CY 2026)		
Payor Category	Entire Facility	Acute Care Services
Self-Pay	1.5%	1.7%
Charity Care	5.7%	3.3%
Medicare*	27.1%	30.1%
Medicaid*	17.0%	18.8%
Insurance*	44.9%	43.0%
Workers Compensation	0.4%	0.2%
TRICARE	0.8%	0.9%
Other (Institutional, Other Gov't)	2.5%	2.0%
Total	100.0%	100.0%

*Including any managed care plans.

Source: Novant internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1.5% of total services and 1.7% of acute care services will be provided to self-pay patients, 5.7% of total services and 3.3% of acute care services to charity care patients, 27.1% of total services and 30.1% of acute care services to Medicare patients, and 17% of total services and 18.8% of acute care services to Medicaid patients.

On page 93, the applicant states that it provides charity care to both insured and uninsured patients, and to complete this table it counted all patients who received charity care in the charity care category and removed them from any of the other payor mix categories they may have also been in.

On page 93, 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 projected payor mix is based on the CY 2021 historical payor mix.
- The applicant clearly explains how it calculated the charity care payor mix and how other payor mixes do not include any patients who received charity care.

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 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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

In Section L, page 125, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

In Section L, page 127, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

In Section L, page 122, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

In Section L, page 97, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section M, page 127, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to AH Pineville.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

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.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

In Section M, page 129, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to CMC.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

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.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

In Section M, page 124, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to AH University City.

- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

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.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

In Section M, page 98, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant lists some of the health professional training programs it has clinical education agreements with.
- The applicant states all educational programs with clinical agreements will still have the same access upon completion of the proposed project and that the applicant is always open to considering new clinical education programs and institutions.

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 – All Applications

The 2022 SMFP includes a need determination for 65 acute care beds in the Mecklenburg County service area.

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,603 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville*	278 (+25)
AH University City	104 (+8)
CMC-Main**	1,064 (+153)
Atrium Total	1,446 (+216)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-7)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+93)
Mecklenburg County Total	2,294 (+309)

Source: Table 5A, 2022 SMFP; applications under review; 2022 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

**Includes the AH Mercy campus licensed as part of CMC.

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 129, the applicant states:

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 129, the applicant refers to Section B and on page 33 of that section the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 11 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development. ..., the addition of acute care beds as proposed in this application can be accomplished in a resource-responsible manner as Atrium Health Pineville has the existing space necessary to accommodate the additional acute care beds without requiring new construction. As such, [Atrium] believes the additional acute care capacity can be developed efficiently at a reasonable cost while also creating additional capacity to care for the growing number of patients....

Further, Atrium Health Pineville, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Pineville to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, page 129, the applicant refers to Section B and on pages 27-29 of that section the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high quality services it provides at Atrium Health Pineville.

...

.... The proposed project will allow Atrium Health Pineville to expand its acute care capacity, which in turn will allow Atrium Health Pineville to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 130, the applicant refers to Section B and on pages 29-30 of that section the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long-promoted [sic] economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay...

...

By expanding capacity for Atrium Health Pineville’s acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County.”

See also Sections C and L 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
- 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 based on all the reasons stated above.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 131, the applicant states:

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 131, the applicant refers to Section B and on pages 32-33 of that section the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 38 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development.

...

Further, CMC, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable CMC to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, pages 131, the applicant refers to Section B and on pages 27-28 of that section the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high-quality services it provides at CMC.

...

.... The proposed project will allow CMC to expand its acute care capacity, which in turn will allow CMC to better meet patient needs and expectations – thus

increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 131-132, the applicant refers to Section B and on pages 28-30 of that section the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long-promoted [sic] economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay as demonstrated in [Atrium]’s Non-Discrimination policies provided in Exhibit B.20-4. The proposed project will continue to serve this population...

...

By expanding capacity for CMC’s acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County.”

See also Sections C and L 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
- 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 based on all the reasons stated above.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 126, the applicant states:

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 126, the applicant refers to Section B and on pages 32-33 of that section the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 16 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development. ..., the addition of acute care beds as proposed in this application can be accomplished in a resource-responsible manner as Atrium Health University City has the existing space necessary to accommodate the additional acute care beds without requiring new construction. As such, [Atrium] believes the additional acute care capacity can be developed efficiently at a reasonable cost while also creating additional capacity to care for the growing number of patients...

Further, Atrium Health University City, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health University City to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, page 126, the applicant refers to Section B and on pages 27-28 of that section the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high quality services it provides at Atrium Health University City.

...

.... The proposed project will allow Atrium Health University City to expand its acute care capacity, which in turn will allow Atrium Health University City to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 127, the applicant refers to Section B and on pages 28-30 of that section the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long-promoted [sic] economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay...

...

.... By expanding capacity for Atrium Health University City’s acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County.”

See also Sections C and L 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
- 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 based on all the reasons stated above.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

“..., inpatient medical/surgical days of care at Novant Health Presbyterian have increased significantly in recent years. The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Mecklenburg County because it will allow Novant Health to expand access services to acute care services, to better meet the needs of its existing patient population, and to reduce admission delays and improve patient satisfaction.

...

..., Novant Health continues to maintain a minority share of acute care beds in the service area. Therefore, the proposed additional acute care bed capacity at NHPMC will positively impact competition by narrowing the gap of control that remains between Novant Health and Atrium Health in Mecklenburg County. ...”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 101, the applicant states:

“This project will not increase the cost to patients or payors for the inpatient services provided by Novant Health because reimbursement rates are set by the federal government and commercial insurers. The nominal capital expenditure for this project is necessary to ensure that NHPMC will have the capacity to continue to provide high-quality services that are accessible to patients. Locating additional acute care beds within the NHPMC facility will improve operational efficiency by relieving bottlenecks in the ED. This capacity will also reduce instances where NHPMC must go on ED diversion status due to a lack of inpatient beds.

...

Novant Health is collaborating with payors and partners to identify payment models that match Novant Health's value-based care delivery. Getting the right care in the right setting at the right price is the future of healthcare. It is what makes healthcare affordable and more sustainable. It is Novant Health's approach to delivering remarkable healthcare so that people can get better and stay healthy."

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

Regarding the impact of the proposal on quality, in Section N, page 102, the applicant states:

"Novant Health is committed to delivering high-quality care at all of its facilities. Novant Health has quality-related policies and procedures that are applicable to NHPMC.

NHPMC is accredited by The Joint Commission.

All clinical and technical staff are required to maintain appropriate and current licensure and continuing education.

NHPMC will continue to adhere to medical staff credentialing policies and procedures to ensure credentialed staff are qualified to deliver care in their area of specialty."

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicant states:

"Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health's financial assistance policy will apply to the proposed services."

See also Sections B, C, and L 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
- 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 based on all 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 – All Applications

Project ID #F-12280-22/Atrium Health Pineville/Add 11 acute care beds

The applicant proposes to add 11 acute care beds to AH Pineville, a hospital with 303 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 18 hospitals in North Carolina.

In Section O, page 133, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of Immediate Jeopardy at any of the 18 hospitals affiliated with Atrium. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were five incidents related to quality of care that occurred in any of the 18 hospitals. Four of the hospitals have resolved the issues and are back in compliance as of

the date of these findings. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 18 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12281-22/Carolinas Medical Center/Add 38 acute care beds

The applicant proposes to add 38 acute care beds to CMC, a hospital with 1,217 existing and approved acute care beds, for a total of 1,255 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 18 hospitals in North Carolina.

In Section O, page 135, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of Immediate Jeopardy at any of the 18 hospitals affiliated with Atrium. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were five incidents related to quality of care that occurred in any of the 18 hospitals. Four of the hospitals have resolved the issues and are back in compliance as of the date of these findings. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 18 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12282-22/Atrium Health University City/Add 16 acute care beds

The applicant proposes to add 16 acute care beds to AH University City, a hospital with 112 existing and approved acute care beds, for a total of 128 acute care beds upon completion of this and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 18 hospitals in North Carolina.

In Section O, page 130, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in an immediate jeopardy finding. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were five incidents related to quality of care that occurred in any of the 18 hospitals. Four of the hospitals have resolved

the issues and are back in compliance as of the date of these findings. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 18 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12293-22/Novant Health Presbyterian Medical Center/Add 30 acute care beds

The applicant proposes to add 30 new acute care beds to NH Presbyterian, a hospital with 512 existing and approved acute care beds, for a total of 542 acute care beds upon completion of this and other projects under development.

On Form O in Section Q, the applicant identifies hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified 12 existing and operational hospitals in North Carolina.

In Section O, page 107, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident which resulted in a finding of immediate jeopardy at Novant Health New Hanover Regional Medical Center. The applicant states the facility is back in compliance and provides supporting documentation in Exhibit O.4. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were incidents related to quality of care that occurred in two of the 12 hospitals. Both hospitals have resolved the issues and are back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 12 hospitals, 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 – All Applications

10A NCAC 14C .3803 PERFORMANCE STANDARDS

(a) *An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.*

-C- **Atrium Health Pineville.** The applicant proposes to develop 11 acute care beds at AH Pineville. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 94.3% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Atrium is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **Carolinas Medical Center.** The applicant proposes to develop 38 acute care beds at CMC. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 94.1% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Atrium is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **Atrium Health University City.** The applicant proposes to develop 16 acute care beds at AH University City. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 93.3% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by

Atrium is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Novant Health Presbyterian Medical Center.** The applicant proposes to develop 30 acute care beds at NH Presbyterian. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Novant is greater than 200. The applicant projects a utilization rate of 86.8% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Novant is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (b) *An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this rule and demonstrate that they support the projected inpatient utilization and average daily census.*

- C- **Atrium Health Pineville.** See Section C, pages 63-76, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Carolinas Medical Center.** See Section C, pages 62-77, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Atrium Health University City.** See Section C, pages 62-73, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Novant Health Presbyterian Medical Center.** See Section C, pages 36-52, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

COMPARATIVE ANALYSIS FOR ACUTE CARE BEDS

Pursuant to G.S. 131E-183(a)(1) and the 2022 State Medical Facilities Plan, no more than 65 acute care beds may be approved for Mecklenburg County in this review. Because the applications in this review collectively propose to develop 95 additional acute care beds in Mecklenburg County, all applications cannot be approved for the total number of beds proposed. Therefore, after considering all the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in the Acute Care Bed Comparative Analysis.

- Project ID #F-12280-22 / **Atrium Health Pineville** / Develop 11 additional acute care beds pursuant to the 2022 SMFP Need Determination
- Project ID #F-12281-22 / **Carolinas Medical Center** / Develop 38 additional acute care beds pursuant to the 2022 SMFP Need Determination
- Project ID #F-12282-22 / **Atrium Health University City** / Develop 16 additional acute care beds pursuant to the 2022 SMFP Need Determination
- Project ID #F-12293-22 / **Novant Health Presbyterian Medical Center** / Develop 30 additional acute care beds pursuant to the 2022 SMFP need determination

The table below summarizes information about each application.

	AH Pineville	CMC	AH University City	NH Presbyterian
Hospital Level of Care	Tertiary	Quaternary	Community	Tertiary
Number of Existing Beds*	303	1,217	112	512
Beds Proposed to be Added	11	38	16	30
Total Number of Proposed Beds**	314	1,255	128	542
Third Full Fiscal Year	CY 2027	CY 2030	CY 2028	CY 2026
Projected Acute Care Days – FY 3	104,567	418,123	43,594	171,786
Projected Discharges – FY 3	22,563	61,508	8,959	28,552
% of Beds Compared to Quaternary Hospital***	25.0%	NA	10.2%	43.2%
% of Beds Compared to Tertiary Hospital***	NA	NA	23.6% (NHPMC), 40.8% (AH-P)	NA

*Includes beds previously approved but not yet developed and excludes beds approved to be relocated away from the facility

**Proposed Beds = Number of existing beds + Number of beds requested in the application

***Assuming all beds requested by each applicant are approved

Because of the significant differences in types of facilities, numbers of total acute care beds, numbers of projected acute care days and discharges, levels of patient acuity which can be served, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size proposing like services and reporting in like formats.

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) with regard to specific comparative analysis factors is determined in part by whether or not the applications

included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Conformity with Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

Table 5B on page 47 of the 2022 SMFP identifies a need for 65 additional acute care beds in Mecklenburg County. As shown in Table 5A, pages 42-43, the Novant Health system shows a projected deficit of 12.3 acute care beds for 2024 and the Atrium Health system shows a projected deficit of 176 acute care beds for 2024, which in combination with the need determinations from the 2022 SMFP results in the Mecklenburg County need determination for 65 acute care beds. However, the application process is not limited to the provider (or providers) that show a deficit and create the need for additional acute care beds. Any qualifying provider can apply to develop the 65 acute care beds in Mecklenburg County. Furthermore, it is not necessary that an existing provider have a projected deficit of acute care beds to apply for more acute care beds. However, it is necessary that an applicant adequately demonstrate the need to develop its project, as proposed.

All four applications are conforming to all applicable statutory and regulatory review criteria. Therefore, with regard to conformity with review criteria, all four applications are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

All four applications involve existing acute care hospitals which provide numerous types of medical services. However, only one applicant, **Carolinas Medical Center**, is a Level I trauma center, a quaternary care center, and an academic medical center. **Atrium Health Pineville** and **Novant Health Presbyterian Medical Center** are both tertiary care centers but do not offer as many services as **Carolinas Medical Center**. **Atrium Health University City** is a smaller community hospital that does not offer tertiary care services.

Therefore, **Carolinas Medical Center** is the more effective alternative with respect to this comparative factor and, **Atrium Health Pineville**, **Atrium Health University City**, and **Novant Health Presbyterian Medical Center** are less effective alternatives.

Geographic Accessibility

As of the date of this decision, there are 2,603 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville*	278 (+25)
AH University City	104 (+8)
CMC**	1,064 (+153)
Atrium Total	1,446 (+216)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-7)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+93)
Mecklenburg County Total	2,294 (+309)

Source: Table 5A, 2022 SMFP; applications under review; 2022 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

**Includes the AH Mercy campus licensed as part of CMC.

The following table illustrates where the acute care beds are located in Mecklenburg County.

City	System	Total Acute Care Bed Inventory*
Charlotte	Atrium	1,217
	Novant	512
Steele Creek	Novant	32
	Atrium	26
Ballantyne	Novant	36
	Atrium	112
Charlotte Total		1,935
Pineville	Atrium	277
Huntersville	Novant	151
Matthews	Novant	174
Mint Hill	Novant	36
Cornelius	Atrium	30
Total		2,603
Total Mecklenburg County		2,603

*Existing and approved acute care beds.

Source: NC OSBM; accessed January 26, 2023.

As shown in the table above, the existing and approved acute care beds are in Charlotte, Cornelius, Huntersville, Matthews, Mint Hill, and Pineville. **Atrium Health Pineville** proposes to add 11 acute care beds to an existing facility in Pineville. **Carolinas Medical Center** proposes to add 38 acute care beds to an existing facility in Charlotte. **Atrium Health University City** proposes to add 16 acute care beds to an existing facility in the University City section of Charlotte. **Novant Health Presbyterian Medical Center** proposes to add 30 acute care beds to an existing facility in Charlotte. Eighty-four acute care beds would be in Charlotte, which already has 1,935 existing

and approved acute care beds. The remaining 11 acute care beds would be in Pineville, which already has 277 existing and approved acute care beds.

All four applications propose to add beds to existing facilities. It is clear that all the facilities are widely geographically accessible. Therefore, with regard to geographic accessibility, **Atrium Health Pineville, Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** are all equally effective alternatives.

Competition (Patient Access to a New or Alternate Provider)

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

As of the date of this decision, there are 2,603 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville*	278 (+25)
AH University City	104 (+8)
CMC-Main**	1,064 (+153)
Atrium Total	1,446 (+216)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-7)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+93)
Mecklenburg County Total	2,294 (+309)

Source: Table 5A, 2022 SMFP; applications under review; 2022 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

**Includes the AH Mercy campus licensed as part of CMC.

Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City are affiliated with Atrium Health, which currently controls 1,662 of the 2,603 acute care beds in Mecklenburg County, or 63.8%. **Novant Health Presbyterian Medical Center** is affiliated with Novant Health, which currently controls 941 of the 2,603 acute care beds in Mecklenburg County, or 36.2%.

If **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all have their applications approved for a combined total of 65 acute care beds, and **Novant Health Presbyterian Medical Center’s** application was denied, Atrium would control 1,727 of the 2,668 existing or approved acute care beds (following this review) in Mecklenburg County, or 64.7%, and Novant would control 941 of the 2,668 existing or approved acute care beds, or 35.3%. If **Novant Health Presbyterian Medical Center’s** application for 30 acute care beds is approved, and the remaining 35 acute care beds are awarded to **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**, Novant Health would control 971 of the 2,668 existing and approved acute care beds in Mecklenburg County, or 36.4%, and Atrium would control 1,697 of the 2,668 existing and approved acute care beds in Mecklenburg County, or 63.6%. Regardless of the ultimate conclusion of this comparative analysis, Atrium will control a larger percentage of acute care beds in Mecklenburg County than it currently does, and Novant will control a lesser percentage of acute care beds in Mecklenburg County than it currently does.

Therefore, with regard to patient access to a new or alternate provider, the application submitted by **Novant Health Presbyterian Medical Center** is the more effective alternative, and the applications submitted by **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** are less effective alternatives.

Historical Utilization

The following table illustrates historical acute care bed utilization for existing facilities based on acute care days as reported in Table 5A of the 2022 SMFP. Generally, regarding this comparative factor, an existing provider with higher historical utilization rates is the more effective alternative based on an assumption that that provider has a greater need for the proposed acute care beds in order to serve its projected patients.

Mecklenburg County Historical Acute Care Bed Utilization (Table 5A of 2022 SMFP)						
Facility	FFY 2020 Acute Care Days	ADC	# of Acute Care Beds*	Utilization	Proj. (Surplus)/Deficit	
AH Pineville	72,498	199	233	85.4%	22.7	
CMC	325,164	890	1,055	84.4%	155.8	
AH University City	28,116	77	100	77.0%	27.5	
Atrium System	425,778	1,166	1,388	84.0%	176.0	
NH Presbyterian	148,333	406	519	78.2%	95.0	
Novant System	225,108	616	848	72.6%	12.3	

*Existing acute care beds during FFY 2020 only.

As shown in the table above, all four facilities have utilization rates of 77% or higher, and all four facilities have projected deficits of acute care beds in 2024. Out of the four facilities, **Atrium Health Pineville** has the highest utilization rate, and **Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** have lower utilization rates than **Atrium Health Pineville**.

Acute care bed need determinations are driven by health systems, not the individual hospitals within a health system. In the 2022 SMFP, Atrium has a system-wide deficit of 176 acute care beds and Novant has a system-wide deficit of 12.3 acute care beds, for a combined total deficit of

188.3 acute care beds. Each health system has at least one facility with a projected surplus of acute care beds. The Atrium health system has a higher deficit of acute care beds than the Novant health system. As discussed above under the “Competition (Patient Access to a New or Alternate Provider)” comparative factor, the Atrium health system controls 63.8% of acute care beds in Mecklenburg County and the Novant health system controls 36.2% of acute care beds in Mecklenburg County. However, the Atrium system deficit makes up 93.5% of the combined deficit of acute care beds, which is a higher proportion of the deficit than the amount of acute care beds that the Atrium health system controls. The Novant system deficit makes up 6.5% of the combined deficit of acute care beds, which is a lower proportion of the deficit than the amount of acute care beds the Novant health system controls.

Thus, with regard to historical utilization, the Atrium health system has higher historical utilization than the Novant health system. Therefore, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** are more effective alternatives and **Novant Health Presbyterian Medical Center** is a less effective alternative.

Access by Service Area Residents

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

Projected Service to Mecklenburg County Residents – FY 3		
Applicant	# Mecklenburg Residents	% Mecklenburg Residents
AH Pineville	7,630	36.5%
Carolinas Medical Center	24,212	49.3%
AH University City	6,705	74.8%
NH Presbyterian	19,578	68.6%

Sources: Project ID #F-12280-22 p.44, Project ID #F-12281-22 p.43, Project ID #F-12282-22 p.43, Project ID #F-12293-22 p.32

As shown in the table above, **Carolinas Medical Center** projects to serve the highest number of Mecklenburg County residents and **Atrium Health University City** projects to serve the highest percentage of Mecklenburg County residents.

However, the acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in Mecklenburg County and is not only based on patients originating from Mecklenburg County. Mecklenburg County is also a large urban county with over one million

residents, has two large health systems plus numerous smaller healthcare groups, and is on the border of North Carolina and South Carolina.

Further, **Carolinas Medical Center** is a Level I trauma quaternary care academic medical center which, because of its numerous advanced specialties and extremely specialized level of care is likely to pull in many patients from significant distances who are seeking the specialized level of health care offered by **Carolinas Medical Center**. Additionally, **Novant Health Presbyterian Medical Center** and **Atrium Health Pineville** are tertiary care centers. While they do not provide the same level of care as **Carolinas Medical Center**, tertiary care centers still offer specialized health care that will pull in patients from outside of Mecklenburg County – especially since **Atrium Health Pineville** is located very close to the South Carolina border.

Considering the discussion above, the result of this analysis is inconclusive.

Access by Underserved Groups

“Underserved groups” is defined in G.S. 131E-183(a)(13) as follows:

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”

For access by underserved groups, the applications in this review are compared with respect to three underserved groups: charity care patients (i.e., medically indigent or low-income persons), Medicare patients, and Medicaid patients. Access by each group is treated as a separate factor.

The Agency may use one or more of the following metrics to compare the applications:

- Total charity care, Medicare, or Medicaid patients
- Charity care, Medicare, or Medicaid patients as a percentage of total patients
- Charity care, Medicare, or Medicaid patients per acute care bed
- Total charity care, Medicare, or Medicaid dollars
- Charity care, Medicare, or Medicaid dollars as a percentage of total net revenues
- Charity care, Medicare, or Medicaid dollars per acute care bed

Whether the Agency used all the metrics listed above in this review was determined by whether every application included in this review included data that could be compared for each metric.

Projected Charity Care

The following table shows projected charity care during the third full fiscal year following project completion for each facility.

Projected Charity Care – 3 rd Full FY				
Applicant	Total Charity Care	Av. Charity Care per Patient	% of Gross Revenue	# Charity Care Patients (entire facility)
AH Pineville	\$17,555,060	\$839	4.4%	9,424
Carolinas Medical Center	\$97,169,863	\$1,980	5.0%	64,387
AH University City	\$13,448,851	\$1,501	6.6%	13,255
NH Presbyterian	\$54,784,215	\$1,919	2.4%	21,771

Sources: Forms C.1b and F.2b for each applicant; Project ID #F-12280-22 p.124, Project ID #F-12281-22 p. 126, Project ID #F-12282-22 p.121, Project ID #F-12293-22 p.94

As shown in the table above, **Carolinas Medical Center** projects to provide the highest total dollar amount of charity care and projects to serve the highest number of charity care patients, **Carolinas Medical Center** and **Novant Health Presbyterian Medical Center** project to provide the highest average dollar amount of charity care per patient, and **Atrium Health University City** projects to provide the highest percentage of its gross revenue in charity care. Generally, the application projecting to provide the most charity care is the more effective alternative for this comparative factor.

In Section L, pages 123-124, **Atrium Health Pineville** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients. Additionally, **Atrium Health Pineville** separates patients that pay nothing for services from patients who pay reduced costs for services.

In Section L, pages 125-126, **Carolinas Medical Center** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients. Additionally, **Carolinas Medical Center** separates patients that pay nothing for services from patients who pay reduced costs for services.

In Section L, pages 120-121, **Atrium Health University City** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients. Additionally, **Atrium Health University City** separates patients that pay nothing for services from patients who pay reduced costs for services.

In Section L, page 94, **Novant Health Presbyterian Medical Center** says it provides charity care to both insured and uninsured patients and reported all its charity care patients on one line of the payor mix table and did not include them in other categories. Additionally, **Novant Health Presbyterian Medical Center** does not separate patients that pay nothing for services from patients who pay reduced costs for services; they are all included together.

Further, **Novant Health Presbyterian Medical Center's** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health**

University City. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Based on the differences in how each applicant categorizes charity care and the differences in presentation of pro forma financial statements, the Agency determined it could not make a valid comparison of the charity care provided by each applicant for purposes of evaluating which application was more effective with regard to this comparative factor.

However, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Medicare

The following table shows projected Medicare revenue during the third full fiscal year following project completion for each facility.

Projected Medicare Revenue – 3rd Full FY			
Applicant	Total Medicare Rev.	Av. Medicare Rev./Patient	% of Gross Rev.
AH Pineville	\$228,281,502	\$10,905	57.7%
Carolinas Medical Center	\$708,126,534	\$14,431	36.6%
AH University City	\$94,557,738	\$10,554	46.3%
NH Presbyterian	\$974,117,055	\$34,117	42.7%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Novant Health Presbyterian Medical Center** projects to have the highest total amount of Medicare revenue and the highest average Medicare revenue per patient, and **Atrium Health Pineville** projects to have the highest percentage of Medicare revenue as a percentage of gross revenue. Generally, the application projecting to provide the most revenue to Medicare patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City.** In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Medicaid

The following table shows projected Medicaid revenue during the third full fiscal year following project completion for each facility.

Projected Medicaid Revenue – 3rd Full FY			
Applicant	Total Medicaid Rev.	Av. Medicaid Rev./Patient	% of Gross Rev.
AH Pineville	\$40,687,198	\$1,944	10.3%
Carolinas Medical Center	\$546,992,248	\$11,147	28.3%
AH University City	\$32,997,726	\$3,683	16.2%
NH Presbyterian	\$315,700,645	\$11,057	13.8%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects the highest total Medicaid revenue and the highest percent of Medicaid revenue as a percentage of gross revenue, and **Carolina Medical Center** and **Novant Health Presbyterian Medical Center** project the highest average Medicaid revenue per patient. Generally, the application projecting to provide the most revenue to Medicaid patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville**, **Carolinas Medical Center**, and **Atrium Health University City**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville**, **Carolinas Medical Center**, and **Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Net Revenue per Patient

The following table shows the projected average net revenue per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average net revenue per patient is the more effective alternative with regard to this comparative factor since a lower average may indicate a lower cost to the patient or third-party payor.

Projected Average Net Revenue per Patient – 3rd Full FY			
Applicant	Total # of Patients	Net Revenue	Average Net Revenue per Patient
AH Pineville	20,933	\$102,434,256	\$4,893
Carolinas Medical Center	49,070	\$530,338,548	\$10,808
AH University City	8,959	\$58,372,941	\$6,516
NH Presbyterian	28,552	\$651,710,978	\$22,825

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects to have the lowest average net revenue per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Operating Expense per Patient

The following table shows the projected average operating expense per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average operating expense per patient is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Projected Operating Expense per Patient – 3rd Full FY			
Applicant	Total # of Patients	Operating Expense	Average Operating Expense per Patient
AH Pineville	20,933	\$86,259,603	\$4,121
Carolinas Medical Center	49,070	\$422,079,060	\$8,602
AH University City	8,959	\$43,604,117	\$4,867
NH Presbyterian	28,552	\$645,215,145	\$22,598

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects the lowest average operating expense per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.3, **Novant Health Presbyterian**

Medical Center states the acute care operating expenses include costs for support staff salaries, fees for other departments, and costs for ancillary and support services. In the assumptions and methodology for Form F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services. None of the three Atrium applications state whether costs for ancillary and support services are included in the projected operating expenses. All three Atrium applications project salary expenses only for staff identified in Form H.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

SUMMARY

Due to significant differences in the size of hospitals, levels of acuity each hospital can serve, total revenues and expenses, and the differences in presentation of pro forma financial statements, the comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size and reporting in like formats.

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	AH Pineville	CMC	AH University City	NH Presbyterian
Conformity with Review Criteria	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Scope of Services	Less Effective	More Effective	Less Effective	Less Effective
Geographic Accessibility	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Competition/Access to New/Alternate Provider	Less Effective	Less Effective	Less Effective	More Effective
Historical Utilization	More Effective	More Effective	More Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Access by Underserved Groups				
Projected Charity Care	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, **Atrium Health Pineville, Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Scope of Services, **Carolinas Medical Center** offers the more effective

alternative and **Atrium Health Pineville, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer less effective alternatives. See Comparative Analysis for discussion.

- With respect to Geographic Accessibility, **Atrium Health Pineville, Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Competition/Access to New Provider, **Novant Health Presbyterian Medical Center** offers the more effective alternative and **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** offer less effective alternatives. See Comparative Analysis for discussion.
- With respect to Historical Utilization, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** offer the more effective alternatives and **Novant Health Presbyterian Medical Center** offers a less effective alternative. See Comparative Analysis for discussion.

CONCLUSION

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for Mecklenburg County. All applications submitted for acute care beds in this review are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 95 acute care beds while the need determination is for 65 acute care beds; therefore, only 65 acute care beds can be approved.

As discussed above, **Carolinas Medical Center** was determined to be the more effective alternative for two factors:

- Scope of Services
- Historical Utilization

As discussed above, **Atrium Health Pineville** was determined to be the more effective alternative for one factor:

- Historical Utilization

As discussed above, **Atrium Health University City** was determined to be the more effective alternative for one factor:

- Historical Utilization

As discussed above, **Novant Health Presbyterian Medical Center** was determined to be the more effective alternative for one factor:

- Competition/Access to a New or Alternate Provider

With regard to acute care beds, the application submitted by **Carolinas Medical Center** is comparatively superior and is approved as submitted.

The **Atrium Health Pineville**, **Atrium Health University City**, and **Novant Health Presbyterian Medical Center** applications are all equally effective alternatives amongst themselves. Based on the applications as submitted and the Comparative Analysis, there is no application from this group that is comparatively superior to any other application in this group. However, it is not possible to award all applicants the number of beds they seek.

Based on that analysis, the beds will be awarded in proportion to the number of beds requested by each applicant. See the table below for the summary of calculations.

Facility	# of Beds Requested	% of Total Beds Requested	Beds Awarded	% of Beds Awarded
AH Pineville	11	19.3%	5	18.5%
AH University City	16	28.1%	8	29.6%
NH Presbyterian	30	52.6%	14	51.9%
Total	57	100.0%	27	100.0%

Note: Table may not foot due to rounding.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- **Project ID #F-12281-22 / Carolinas Medical Center / Develop no more than 38 acute care beds pursuant to the need determination in the 2022 SMFP for a total of 1,255 acute care beds upon completion of this project, Project ID #F-12008-20 (add 87 beds), and Project ID #F-12149-21 (add 75 beds)**

And the following applications are approved as modified in the descriptions below:

- **Project ID #F-12280-22 / Atrium Health Pineville / Develop no more than 5 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 308 acute care beds upon completion of this project and Project ID #F-12147-21 (add 25 beds)**
- **Project ID #F-12282-22 / Atrium Health University City / Develop no more than 8 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 120 acute care beds upon completion of this project and Project ID #F-12146-21 (add 8 beds)**
- **Project ID #F-12293-22 / Novant Health Presbyterian Medical Center / Develop no more than 14 acute care beds pursuant to the need determination in the 2022 SMFP for a total**

of no more than 526 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center), and Project ID #F-12144-21 (add 15 beds)

Project ID #F-12280-22 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (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 5 additional acute care beds at Atrium Health Pineville pursuant to the need determination in the 2022 SMFP for a total of no more than 308 acute care beds upon completion of this project and Project ID #F-12147-21 (add 25 beds).
3. Upon completion of the project, Atrium Health Pineville shall be licensed for no more than 308 acute care beds.
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/dhstr/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 September 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:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.

- e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
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.

Project ID #F-12281-22 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (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 38 acute care beds at Carolinas Medical Center pursuant to the need determination in the 2022 SMFP for a total of 1,255 acute care beds upon completion of this project, Project ID #F-12008-20 (add 87 beds), and Project ID #F-12149-21 (add 75 beds).
3. Upon completion of the project, Carolinas Medical Center shall be licensed for no more than 1,255 acute care beds.
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 September 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:

- a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
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.

Project ID #F-12282-22 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (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 8 additional acute care beds at Atrium Health University City pursuant to the need determination in the 2022 SMFP for a total of no more than 120 acute care beds upon completion of this project and Project ID #F-12146-21 (add 8 beds).
3. Upon completion of the project, Atrium Health University City shall be licensed for no more than 120 acute care beds.
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 September 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:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
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.

Project ID #F-12293-22 is approved subject to the following conditions.

1. The Presbyterian Hospital and Novant Health, 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 14 additional acute care beds at Novant Health Presbyterian Medical Center for a total of no more than 526 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center), and Project ID #F-12144-21 (add 15 beds).
3. Upon completion of the project, Novant Health Presbyterian Medical Center shall be licensed for no more than 526 acute care beds.
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 September 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. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.

7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.