

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 28, 2024

Findings Date: March 28, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Lisa Pittman

Project ID #: F-12440-23

Facility: Atrium Health Union West

FID #: 180514

County: Union

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 8 additional acute care beds pursuant to the 2023 SMFP need determination

### 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

The Charlotte-Mecklenburg Hospital Authority (hereinafter “CMHA,” “Atrium,” or “the applicant”) proposes to add eight acute care beds to Atrium Health Union West (“AH West”), an existing acute care hospital, pursuant to the 2023 need determination for 21 acute care beds in Union County for a total of 48 acute care beds upon project completion. The applicant submitted an application (Project ID# F-12442-23) in concurrence with this application to add the remaining 13 acute beds to Atrium Health Union (“AH Union”), the main campus under the AH Union license.

#### **Need Determination**

Chapter 5 of the 2023 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 2023 SMFP identified a need for 21 additional acute care beds in the Union County service area.

Beginning with the 2023 SMFP, the methodology in Chapter 5 excludes any Level II, III, and IV neonatal intensive care unit (NICU) beds from the acute care bed need methodology. The four licensed NICU beds are located at AH Union. AH West does not have NICU beds.

Only certain persons can be approved to develop new acute care beds in a hospital. On page 34, the 2023 SMFP states:

*“A person who proposes to operate additional acute care beds in a hospital must show that the hospital 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 pages 34-35 of the 2023 SFMP].”*

The applicant does not propose to develop more acute care beds than are determined to be needed in Union County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements imposed on persons proposing to operate additional acute care beds in a hospital as outlined in Chapter 5 of the 2023 SMFP.

### **Policies**

There is one policy in the 2023 SMFP which is applicable to this review.

*Policy GEN-3: Basic Principles*, on page 30 of the 2023 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.”*

In Section B, pages 27-31, the applicant explains why it believes its application is consistent with Policy GEN-3. The applicant states:

*“The proposed project will allow Atrium Health Union West to expand its acute care capacity, which in turn will allow Atrium Health Union West to better meet patient*

*needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.*

...

*As CMHA looks across the communities it serves, some residents experience difficulty accessing basic primary care or other services needed to stay healthy due to a variety of barriers, such as status. As COVID-19 transformed CMHA’s traditional care access points from brick and mortar to virtual care, it has become more important than ever to seek to understand how to ensure equitable access to primary and specialty care across CMHA’s geographic footprint, meeting people where they live, work, play, and worship. CMHA is committed to providing equitable, convenient, and accessible care across all of the communities it serves.*

...

*Further, Atrium Health Union West, as a part of the larger CMHA system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale.”*

## **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Union County and meets the requirements imposed on persons proposing to add additional acute care beds to a hospital as described in Chapter 5 of the 2023 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 Union County.
  - The applicant adequately documents how the project will promote equitable access to acute care bed services in Union 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

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

**Patient Origin**

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

<b>Atrium Health Union West*</b>		
<b>Acute Care Beds</b>		
<b>Historical Patient Origin</b>		
<b>Last Full FY</b>		
<b>01/01/2022 to 12/31/2022</b>		
	<b># of Patients</b>	<b>% of Total</b>
Union	1,198	59.0%
Mecklenburg	481	23.7%
Lancaster, SC	120	5.9%
Anson	93	4.6%
Chesterfield, SC	32	1.6%
Other^	106	5.2%
<b>Total</b>	<b>2,030</b>	<b>100.0%</b>

Source: Section C, page 34

\*Atrium Health Union West began operation February 23, 2022.

^Includes 13 NC counties and other states.

Atrium Health Union West Acute Care Beds Projected Patient Origin						
County	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	01/01/2025- 12/31/2025		01/01/2026- 12/31/2026		01/01/2027- 12/31/2027	
	CY 2025		CY 2026		CY 2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Union	1,857	59.0%	1,896	59.0%	1,937	59.0%
Mecklenburg	746	23.7%	76	23.7%	778	23.7%
Anson	186	5.9%	190	5.9%	194	5.9%
Lancaster, SC	145	4.6%	148	4.6%	151	4.6%
Chesterfield, SC	50	1.6%	51	1.6%	53	1.6%
Other^	163	5.2%	167	5.2%	170	5.2%
<b>Total</b>	<b>3,147</b>	<b>100.0%</b>	<b>3,214</b>	<b>100.0%</b>	<b>3,283</b>	<b>100.0%</b>

Source: Section C, page 36

^Includes 13 NC counties and other states.

In Section C, page 36, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant assumes that the proposed project would not impact patient origin and projects patient origin based CY 2022 patient origin.
- The applicant projects a 2.1 percent growth that is consistent with the projected population growth in Union County.

**Analysis of Need**

In Section C, page 38-47, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- Union County is the largest county geographically in the HSA III service area and the location of its population as it relates to access, demonstrates the need to expand capacity to acute care services across the county, particularly in the western part of the county. (page 39)
- Atrium’s initiatives to expand services will increase patient volumes and the need to expand capacity for acute care services. (page 40-41)
- The projected growth and aging of the population in Union County. (pages 41-45)
- The growth in utilization of acute care services at AH West demonstrates the need to expand capacity and access in the western part of the county. (pages 45-47)

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

- There is a need determination in the 2023 SMFP for 21 additional acute care beds in

Union County.

- 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.
- The applicant adequately demonstrates the need to expand access to services based on the rapid growth in acute care utilization in the western part of Union County.

Projected Utilization

In Section Q, pages 114-115, the applicant provides historical and projected utilization, as illustrated in the following tables.

<b>Atrium Health West Historical Utilization</b>		
	<b>CY 2022</b>	<b>CY 2023</b>
# of Beds	40	40
# of Discharges	2,030	2,981
# of Patients Days	8,717	12,275
ALOS*	4.3	4.1
Occupancy Rate	59.7%	84.1%

\*ALOS = Average Length of Stay (in days)

<b>Atrium Health Union West Projected Utilization</b>				
	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>
# of Beds	48	48	48	48
# of Discharges	3,081	3,147	3,214	3,283
# of Patients Days	12,539	12,808	13,083	13,363
ALOS*	4.1	4.1	4.1	4.1
Occupancy Rate	71.6%	73.1%	74.7%	76.3%

\*\*ALOS = Average Length of Stay (in days)

In Section Q, pages 120-123, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Historical Utilization*

The applicant begins with the historical utilization for the AH Union license which consists of AH Union and AH West campuses. The applicant does not include a Compound Annual Growth Rate (CAGR) for AH West because the facility opened in 2022.

	<b>CY19</b>	<b>CY20</b>	<b>CY21</b>	<b>CY22</b>	<b>CY23*</b>	<b>CAGR</b>
Atrium Health Union Acute Care Days	36,584	36,441	46,754	48,350	47,731	6.9%
Atrium Health Union West Acute Care Days <sup>^</sup>				8,717	12,275	
Total Acute Care Days	36,584	36,441	46,754	57,067	60,006	13.2%
Average Daily Census	100.2	99.8	128.1	156.3	164.4	
Licensed Beds	178	178	178	178	178	
Occupancy	56.3%	56.1%	72.0%	87.8%	92.4%	

Source: Section Q, page 121; CMHA internal data.

\*CY 2023 represents January through July data seasonalized based on CY 2022 patterns.

<sup>^</sup>Atrium Health Union West opened in February 2022.

Note: The State Health Coordinating Council (SHCC) removed Level II, III, and IV neonatal beds and days of care from the acute care bed need methodology in the 2023 SMFP. Thus, CMHA excluded all neonatal beds and days of care from Form C.

As illustrated above, the AH Union license occupancy rate increased significantly from CY 2019 to CY 2023 (annualized), exceeding the Performance Standard target occupancy rate of 71.4 percent. During that period, the Average Daily Census (ADC) was more than 100 but less than 200.

*Project Utilization*

The following table illustrates the Union County projected population growth from CY 2023 to CY 2028, according to the North Carolina Office of State Budget Management (NCOSBM).

	<b>CY23</b>	<b>CY28</b>	<b>CAGR</b>
Union County Population	252,232	280,478	2.1%

Source: Section Q, page 121; NCOSBM

The applicant projects acute care utilization for the AH Union license using the Union County projected population growth of 2.1 percent. The applicant states that using this growth rate is conservative considering the acute care day historical growth rate of 6.9 percent experienced at AH Union and the 13.2 percent historical growth for the AH Union license. See Table 3 below.

<b>Table 3: Assumed Projected Growth Rates for Atrium Health Union License</b>		
<b>Facility</b>	<b>Historical CAGR</b>	<b>Projected CAGR</b>
Atrium Health Union	6.9%	2.1%
Atrium Health Union West*		2.1%
Atrium Health Union License Total	13.2%	2.1%

Source: Section Q, page 122

\*Historic CAGR for Atrium Health Union West is excluded due to insufficient data, as it opened only in February 2022.

Note: 2.1 percent is the projected population growth rate from 2023 to 2028 for Union County, shown in Table 2.

The following tables illustrate the applicant’s projections using the projected growth rate of 2.1 percent.

<b>Table 4: Atrium Health Union Projected Acute Care Bed Utilization</b>						
	<b>CY24</b>	<b>CY25*</b>	<b>CY26 (PY1)</b>	<b>CY27 (PY2)</b>	<b>CY28 (PY3)</b>	<b>CAGR</b>
Total Acute Care Days	48,755	49,801	50,869	51,961	53,076	2.1%
Number of Acute Care Beds in Operation	138	151	151	151	151	
Average Daily Census	133.6	136.4	139.4	142.4	145.4	
Occupancy	96.8%	90.4%	92.3%	94.3%	96.3%	

Source: Section Q, page 122

\*CY 2025 is partial project year, beginning September 15, 2025.

<b>Table 5: Atrium Health Union West Projected Acute Care Bed Utilization</b>						
	<b>CY24*</b>	<b>CY25 (PY1)</b>	<b>CY26 (PY2)</b>	<b>CY27 (PY3)</b>	<b>CY28**</b>	<b>CAGR</b>
Total Acute Care Days	12,539	12,808	13,083	13,363	13,650	2.1%
Number of Acute Care Beds	48	48	48	48	48	
Average Daily Census	34.4	35.1	35.8	36.6	37.4	
Occupancy	71.6%	73.1%	74.7%	76.3%	77.9%	

Source: Section Q, page 122

\*CY 2024 is partial project year, beginning November 11, 2024.

\*\*The third full fiscal year of operation for Atrium Health Union’s proposed project is CY 2028; Thus, acute care days at both campuses are projected through CY 2028.

The following table illustrates the projected utilization for AH Union and AH West using the projected number of acute care days for both facilities combined.



	<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY27</b>	<b>CY28</b>	<b>CAGR</b>
Total Acute Care Days	61,294	62,609	63,952	65,324	66,726	2.1%
Number of Acute Care Beds in Operation	186	199	199	199	199	
Average Daily Census	167.9	171.5	175.2	179.0	182.8	
Occupancy	90.3%	86.2%	88.0%	89.9%	91.9%	

Source: Section Q, page 123

As shown, in the table above, AH Union and AH West in projected to exceed the Performance Standard target rate of 71.4 percent in their respective third project year.

*Projected Average Length of Stay (ALOS)*

The applicant projects the ALOS for each facility. The applicant projects that the ALOS will decrease in CY 2024 and remain constant through CY 2028. The applicant states that the increase in ALOS from CY 2020 through CY 2022 is in part due to lower acuity patients moving to outpatient settings with the remaining patients having a higher acuity level and ALOS. The applicant believes that the projected ALOS is supported by CMHA’s initiatives to address the post-acute placement issue related to the availability of a discharge destination for patients.

	<b>CY20</b>	<b>CY21</b>	<b>CY22</b>	<b>CY23</b>	<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY27</b>	<b>CY28</b>
Atrium Health Union ALOS	4.5	5.3	5.8	5.5	5.3	5.3	5.3	5.3	5.3
Atrium Health Union West ALOS			4.3	4.1	4.1	4.1	4.1	4.1	4.1

Source: Section Q, page 123; CMHA internal data.

Note: CY 2024 through CY 2028 are projected years of data. As reflected in Form C.

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

- The applicant’s historical growth in utilization created the current need determination for 21 additional acute care beds in the 2023 SMFP for the Union County Acute Care Bed Service Area.
- The applicant relies on the Union County projected population growth rate to project future growth.
- The projected utilization of the applicant’s proposed acute care beds meets the Performance Standard in 10A NCAC 14C .3803.

**Access to Medically Underserved Groups**

In Section C, page 55, the applicant states:

*“As noted in CMHA’s Non-Discrimination Policy Statement, ‘[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’ CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved.”*

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

Medically Underserved Groups	Estimated % of Total Patients in 3 <sup>rd</sup> Full FY
Low income persons	
Racial and ethnic minorities	24.4%
Women	57.6%
Persons with disabilities	
Persons 65 and older	26.6%
Medicare beneficiaries	28.7%
Medicaid recipients	16.7%

Source: Section C, page 56

In Section C, page 56, the applicant states that it does not maintain data on the number of low-income persons and disabled persons it serves and cannot reasonably estimate their percentage of total patients; however, the applicant also states neither low-income persons nor disabled persons are 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 a statement saying it will provide service to all residents of the service area, including underserved groups, without regard for anything other than the need for acute care bed services.
- The applicant provides documentation of its existing policies regarding non-discrimination and financial access in Exhibits B.20-4 and L.4-1.

### **Conclusion**

The Agency reviewed the:

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

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

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

NA

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

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

C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section E, page 68, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo-The applicant states that maintaining the status quo is not a practical alternative for AH West because it does not address the current and future need for additional beds. The applicant projects that the facility will exceed the target occupancy rate in the first full year of operation (annualized CY 2023) by 17.4 percentage points.

Develop a Different Number of Beds at Atrium Union West-The applicant states that developing fewer than eight acute care beds will not meet the need to expand bed capacity for future growth. Moreover, adding more than eight acute care beds would not only limit the ability enhance capacity at AH Union as proposed in Project ID# F-12440-23, but it is also not indicative of CMHA's commitment to contain healthcare costs.

On page 68, the applicant states that its proposal is the most effective alternative because developing the eight acute care beds will meet the current and future demand for acute care services at AH West.

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

- There is 2023 SMFP need determination for 21 acute care beds in Union County.

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

### **Conclusion**

The Agency reviewed the:

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

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

- 1. 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 eight new acute care beds at Atrium Health Union West.**
- 3. Upon completion of the project, Atrium Health Union West shall be licensed for no more than 48 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 December 1, 2024.**

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

C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

**Capital and Working Capital Costs**

In Section Q, page 124, the applicant projects the total capital cost of the project as shown in the table below.

Construction/Renovation contract (s)	\$353,100
Architect/Engineering Fees	\$85,000
Medical Equipment	\$284,400
Non-Medical Equipment	\$2,800
Furniture	\$20,000
Consultant Fees (CON and Legal)	\$140,000
Financing Costs	\$4,700
Interest During Construction	\$13,600
Other (IS and Contingency)	\$111,700
<b>Total</b>	<b>\$1,015,300</b>

In Section Q, page 125, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Cost estimates are based on the applicant and the architect’s experience with similar projects.
- In Exhibit F.1, the applicant provides a proposed capital cost sheet, certified by a registered architect on August 23, 2023, stating the construction costs listed are accurate.

In Section F, page 74, the applicant states there will be no start-up costs or initial operating expenses because the proposed project does not include a new service or facility.

**Availability of Funds**

In Section F, page 70, the applicant states the entire projected capital expenditure of \$1,015,300 will be funded with CMHA’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 16, 2023, from the Interim Chief Financial Officer for CMHA (managed by Atrium Health, Inc.), stating that CMHA 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, 2022. According to the Basic Financial Statements, as of December 31, 2022, 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 completion of the project. On Form F.2b, the applicant projects that revenues will not exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Atrium Health Union West Acute Care Beds	1 <sup>st</sup> Full FY	2 <sup>nd</sup> Full FY	3 <sup>rd</sup> Full FY
	CY2025	CY2026	CY2027
Total Patient Days	12,808	13,083	13,363
Total Gross Revenues (Charges)	\$60,973,184	\$64,149,876	\$67,492,073
Total Net Revenue	\$15,850,421	\$16,676,225	\$17,545,053
Total Net Revenue per Patient Day	\$1,238	\$1,275	\$1,313
Total Operating Expenses (Costs)	\$22,894,457	\$24,001,293	\$25,163,440
Total Operating Expenses per Patient Day	\$1,788	\$1,835	\$1,883
<b>Net Profit</b>	<b>(\$7,044,036)</b>	<b>(\$7,325,068)</b>	<b>(\$7,618,387)</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in F.3b. 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 bases projections on his 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

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

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

### C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 44 of the 2023 SMFP shows that AH Union is the only facility in Union County with acute care beds. This includes the 40 acute care beds located at AH West.

In Section G, page 81, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Union County. On page 81, the applicant states:

*“The 2023 SMFP includes a need determination for 21 additional acute care beds in Union County. As the only existing acute care hospital in Union County, the need in the 2023 SMFP was generated exclusively by the highly utilized acute care services at Atrium Health Union and Atrium Health Union West. Furthermore, if acute care days are conservatively grown at the county’s projected population growth rate of 2.1 percent, as they are in Form C, the beds on the Atrium Health Union license will reach 89.9 percent occupancy in CY 2027 (the third full fiscal year of the proposed project). Thus, the proposed project will not result in any unnecessary duplication.”*

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 2023 SMFP for the proposed acute care beds.
- The applicant is the only provider of acute care hospital services in Union County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds.

### **Conclusion**

The Agency reviewed the:

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

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

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

### C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section Q, page 138, the applicant provides historical and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.



Position	Historical FTE Staff	Projected FTE Staff		
	(12/31/2022)	1 <sup>st</sup> Full FY	2 <sup>nd</sup> Full FY	3 <sup>rd</sup> Full FY
		CY 2025	CY 2026	CY 2027
Registered Nurses	47.3	90.3	92.3	94.2
Certified Nurse Aides/Nursing Assistants	14.6	21.4	21.9	22.3
Supervisory	2.3	3.4	3.5	3.6
Clerical	2.2	3.3	3.4	3.4
Technician	3.2	4.8	4.9	5.0
Temporary Help	22.0	11.6	11.8	12.1
<b>TOTAL</b>	<b>91.7</b>	<b>134.8</b>	<b>137.7</b>	<b>140.6</b>

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.2b. In pages 83-85, 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:

- CMHA recruits staff using media outlets, job/career fairs, annually reviews hard-to-fill positions and initiate strategies to attract and recruit talent.
- The applicant partnered with Union County public schools to create the Health Science Academy to engage students in health science and experiential learning.
- All staff are required to meet the required performance standards and applicable certifications/accreditation in their respective field.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

### **Ancillary and Support Services**

In Section I, page 87, the applicant identifies the necessary ancillary and support services for the proposed services. On page 87, the applicant explains how each ancillary and support service is or will be 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 because AH West is an existing acute care hospital with ancillary and support services already in place to support the addition of the acute care beds.

### **Coordination**

In Section I, page 88, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on their existing relationships with health care providers and their letters stating their support of the proposed project.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

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

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable

and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

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

C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section K, page 91, the applicant states that the project involves renovating 2,400 square feet of existing space. Line drawings are provided in Exhibit C.1.

On pages 91-92, 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 is proposing to renovate an existing space and convert existing unlicensed beds in compliance with the appropriate guidelines.
- The applicant includes expenditures to ensure capacity for patients who require mobility assistance from ceiling-mounted lifts.

On page 92, 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 because CHMA has adequately demonstrated experience in reserving excess revenues to fund similar projects without the need to increase costs or charges.

On pages 92-93, 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

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

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 96, the applicant provides the historical payor mix during CY 2022 for the proposed services, as shown in the table below.

<b>Atrium Health Union West Historical Payor Mix 02/01/2022-12/31/2022</b>	
<b>Payor Category</b>	<b>Percent of Total</b>
Self-Pay	8.7%
Charity Care^	
Medicare*	28.7%
Medicaid*	16.7%
Insurance*	42.7%
Workers Compensation^^	
TRICARE^^	
Other (Other Govt, Worker's Comp)^	3.2%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

^CMHA internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

In Section L, page 97, the applicant provides the following comparison.

<b>Atrium Health Union</b>	<b>Percentage of Total Patients Served by the Facility or Campus during the Last Full FY</b>	<b>Percentage of the Population of the Service Area</b>
Female	57.6%	50.2%
Male	42.3%	49.8%
Unknown	0.1%	0.0%
64 and Younger	73.4%	86.2%
65 and Older	26.6%	13.8%
American Indian	0.6%	0.7%
Asian	1.6%	4.7%
Black or African American	19.5%	12.7%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	72.2%	79.5%
Other Race	2.7%	2.3%
Declined / Unavailable	3.4%	0.0%

\*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

The Agency reviewed the:

- Application

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 98, the applicant states:

*“Atrium Health Union West has no obligation to provide a specific uncompensated care amount, community service, or access to care by medically underserved, minorities, or handicapped persons. However, as stated earlier, Atrium Health Union West provides and will continue to provide services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies...”*

In Section L, page 99, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Atrium Health Union West.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 100, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

<b>Atrium Health Union West Acute Care Beds Projected Payor Mix 3<sup>rd</sup> Full FY, CY 2027</b>	
<b>Payor Category</b>	<b>Percent of Total</b>
Self-Pay	7.0%
Charity Care <sup>^</sup>	
Medicare*	49.0%
Medicaid*	14.7%
Insurance*	27.4%
Workers Compensation <sup>^^</sup>	
TRICARE <sup>^^</sup>	
Other (Govt, Worker's Comp) <sup>^^</sup>	1.9%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

<sup>^</sup>CMHA internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.

<sup>^^</sup>Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.0% of total services will be provided to self-pay patients, 49.0% to Medicare patients and 14.7% to Medicaid patients.

On page 99, 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 because it is based on the facility and the acute care bed service component's CY 2022 historical payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 101, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section M, page 103, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- CMHA's established relationships with health professional training programs, including Central Piedmont Community College, Queens University of Charlotte and University of North Carolina at Charlotte, Gardner-Webb University.
- CMHA's contractual agreement with University of North Carolina at Chapel Hill to manage the Charlotte Area Health Education Center (AHEC), an organization that coordinates various educational programs and produces continuing medical education programming for employees of Atrium Health.
- In Exhibit M.1, the applicant provides an extensive list of Atrium Health's existing agreements with health professional training programs.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application



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

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
  
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

### C

The applicant proposes to add eight acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 44 of the 2023 SMFP shows that AH Union is the only facility in Union County with acute care beds. This includes the 40 acute care beds located at AH West.

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

*“Approval of additional acute care beds at Atrium Health Union West will enhance competition by approving sufficient capacity for Atrium Health Union West such that it can continue to compete for acute care patients.”*

Regarding the impact of the proposal on cost effectiveness, in Section B, page 31, the applicant states:

*“The proposed project is indicative of CMHA’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of eight new acute care beds necessitates the expenditure of capital costs to renovate 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 Union West has the existing space necessary to accommodate the additional acute care beds without requiring new construction and with limited renovation.”*

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

Regarding the impact of the proposal on quality, in Section B, page 28, the applicant states:

*“The proposed project will serve to improve the quality of acute care services provided at Atrium Health Union West. At present, Atrium Health Union and Atrium Health Union West provide exceptional services as evidenced by the accolades cited above. However, ongoing capacity constraints can impede effective patient care...The proposed project will allow Atrium Health Union West to expand its acute care capacity, which in turn will allow Atrium Health Union West 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 28-29, the applicant states:

*“The Department of Health and Human Services has recognized the need to ensure access to healthcare in as equitable a manner as possible...The proposed project seeks to address this principle and to expand acute care services in the service area by developing additional acute care bed capacity at Atrium Health Union West. CMHA’s total community benefit is more than \$2 billion annually, primarily driven by financial assistance to uninsured patients, bad debt costs, and losses incurred by serving Medicare and Medicaid patients.*

...

*At CMHA, diversity, equity, and inclusion are central to business and culture. The Diversity Agenda centers on advancing equity and outlines CMHA’s bold goal – to achieve transformative equity for patients, teammates, learners, and communities by 2025. This framework acts as the guiding philosophy through which diversity initiatives are developed and implemented across the enterprise.”*

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

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

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

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

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

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

### C

In Section Q, page 140, the applicant identifies the acute care hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 25 of this type of facility located in North Carolina.

In Section O, page 110, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy occurred in one of these facilities. The applicant states that Columbus Regional was cited for deficiencies that occurred at the facility on February 2, 2023, and March 3, 2023. A Plan of Correction was submitted and accepted by CMS. The applicant states that the facility was back in compliance as of April 25, 2023. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 25 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any

facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

**10 NCAC 14C .3803 PERFORMANCE STANDARDS**

*An applicant proposing to develop new acute care beds in a hospital pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

(1) *document that it is a qualified applicant;*

-C- In Section B, page 25, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

(2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*

-C- In Section Q, 115, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

<b>Atrium Health Union West Projected Utilization</b>				
	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>
# of Beds	48	48	48	48
# of Discharges	3,081	3,147	3,214	3,283
# of Patients Days	12,539	12,808	13,083	13,363
ALOS*	4.1	4.1	4.1	4.1
Occupancy Rate	71.6%	73.1%	74.7%	76.3%

\*\*ALOS = Average Length of Stay (in days)

(3) *project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*

-C- In Section Q, page 115, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the first three full fiscal year of operation following completion of the project that equals or exceeds the target occupancy

percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

<b>Atrium Health Union West Projected Utilization</b>				
	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>
# of Beds	48	48	48	48
# of Discharges	3,081	3,147	3,214	3,283
# of Patients Days	12,539	12,808	13,083	13,363
ALOS*	4.1	4.1	4.1	4.1
Occupancy Rate	71.6%	73.1%	74.7%	76.3%

\*\*ALOS = Average Length of Stay (in days)

- (4) *provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*
- C- In Section Q, page 119, the applicant provides projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

<b>Atrium Health Union License Projected Utilization</b>				
	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>	<b>CY 2028</b>
# of Beds*	199	199	199	199
# of Discharges	12,561	12,831	13,106	13,387
# of Patients Days	62,609	63,952	65,324	66,726
ALOS**	5.0	5.0	5.0	5.0
Occupancy Rate	86.2%	88.0%	89.9%	91.9%

\*Excludes NICU beds

\*\*ALOS = Average Length of Stay (in days)

- (5) *project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of:*
- (a) 66.7 percent if the ADC is less than 100;  
 (b) 71.4 percent if the ADC is 100 to 200;  
 (c) 75.2 percent if the ADC is 201 to 399; or  
 (d) 78.0 percent if the ADC is greater than 400; and

- C- In Section Q, page 119, the applicant projects an occupancy rate of 91.9% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

- (6) *provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.*
- C- In Section Q, pages 120-123, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.