

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: August 28, 2025

Findings Date: August 28, 2025

Project Analyst: Chalice L. Moore

Co-Signer: Lisa Pittman

Project ID #: G-12642-25

Facility: Novant Health Clemmons Medical Center

FID #: 080517

County: Forsyth

Applicant(s): Forsyth Memorial Hospital, Inc.

Novant Health, Inc.

Project: Relocate two operating rooms (ORs) from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Forsyth Memorial Hospital, Inc. and Novant Health, Inc., (hereinafter referred to as “the applicant” or “NHCMC”) propose to relocate two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion.

Need Determination

The proposed project does not involve the addition of a new health service facility beds, services, or equipment for which there is a need determination in the 2025 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2025 SMFP which is applicable to this review. *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.*

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

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

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

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

The proposed capital expenditure for this project is greater than \$5million.

In Section B, page 27, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

- The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2025 SMFP.
- The applicant adequately demonstrates that the application is consistent with *Policy GEN-4* based on the project's proposed incorporation of Energy Efficiency and Sustainability.

(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.

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The applicant proposes to relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

Patient Origin

On page 49, the 2025 SMFP defines the service area for ORs as “...*the single or multicounty grouping shown in Figure 6.1.*” Figure 6.1 on page 55 of the 2025 SMFP shows Forsyth County as its own OR service area. Thus, the service area for this project is Forsyth County. Facilities may also serve residents of counties not included in their service area.

On page 28, the applicant states that “*Novant Health proposes to relocate two (2) ORs from Novant Health Hawthorne Outpatient Surgery (NHHOS) to NHCMC. This project will not increase (or decrease) the total number of licensed ORs under the NHFMC license or within Forsyth County. Instead, NHFMC aims to optimize the allocation of its existing licensed resources, enhancing patient access to surgical services while ensuring efficiency and effectiveness in care delivery. This project will increase access because it will allow ORs that are now used exclusively for outpatient surgery to be used for both inpatient and outpatient surgical cases.*”

The applicant proposes to relocate two ORs from NHHOS, thus the applicant provides the historical patient origin for surgical cases for both facilities and the entire historical patient origin for NHCMC as shown below:

NHCMC Historical Patient Origin –Surgical Cases – FFY (01/01/2024 to 12/31/20204		
County	# of Patients	% of Total
Forsyth	1,779	46.9%
Surry	318	8.4%
Stokes	295	7.8%
Davie	269	7.1%
Davidson	250	6.6%
Yadkin	225	5.9%
Guildford	132	3.5%
Iredell	110	2.9%
Wilkes	78	2.0%
Rowan	41	1.1%
Other	296	7.8%
Total	3,792	100.0%

Source: Section C, page 29

*Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

NHHOS Historical Patient Origin – Surgical Cases – FFY (01/01/2024 to 12/31/20204		
County	# of Patients	% of Total
Forsyth	4,115	49.0%
Surry	740	8.8%
Stokes	728	8.7%
Yadkin	725	8.6%
Davie	671	8.0%
Davidson	456	5.4%
Guilford	227	2.7%
Wilkes	174	2.1%
Other	566	6.7%
Total	8,402	100.0%

Source: Section C, page 30

*Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

NHCCM Historical Patient Origin –Entire Facility – FFY (01/01/2024 to 12/31/2024)		
County	# of Patients	% of Total
Forsyth	25,678	57.1%
Davie	6,318	14.1%
Yadkin	4,207	9.4%
Davidson	1,954	4.3%
Stokes	1,615	3.6%
Surry	1,340	3.0%
Iredell	649	1.4%
Wilkes	643	1.4%
Guilford	544	1.2%
Other	2,006	4.5%
Total	44,954	100.0%

Source: Section C, page 31

*Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

In Section C, pages 32-33, the applicant provides the projected patient origin for the NHCCM for surgical cases and the entire facility for the first three full fiscal years of operation following project completion, as shown in the table below.

NHCCM Projected Patient Origin –Surgical Cases –						
Surgical Cases	1st Full Project Year 01/01/2029 to 12/31/2029		2nd Full Project Year 01/01/2030 to 12/31/2030		3rd Full Project Year 01/01/2031 to 12/31/2031	
County	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	2,291	46.9%	2,588	46.9%	2,955	46.9%
Surry	409	8.4%	462	8.4%	528	8.4%
Stokes	379	7.8%	428	7.8%	489	7.8%
Davie	346	7.1%	391	7.1%	446	7.1%
Davidson	322	6.6%	364	6.6%	416	6.6%
Yadkin	289	5.9%	327	5.9%	373	5.9%
Guilford	170	3.5%	193	3.5%	220	3.5%
Iredell	142	2.9%	161	2.9%	183	2.9%
Wilkes	100	2.0%	113	2.0%	129	2.0%
Rowan	53	1.1%	60	1.1%	69	1.1%
Other	381	7.8%	430	7.8%	491	7.8%
Total	4,883	100.0%	5,516	100.0%	6,300	100.0%

Source: Section C, page 32

*Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

NHCMC Projected Patient Origin – Entire Facility–						
	1 st Full Project Year 01/01/2030 to 12/31/2030		2 nd Full Project Year 01/01/2031 to 12/31/2031		3 rd Full Project Year 01/01/2032 to 12/31/2032	
County	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	29,779	57.1%	30,523	57.1%	31,286	57.1%
Davie	7,327	14.1%	7,510	14.1%	7,698	14.1%
Yadkin	4,879	9.4%	5,001	9.4%	5,126	9.4%
Davidson	2,266	4.3%	2,323	4.3%	2,381	4.3%
Stokes	1,873	3.6%	1,920	3.6%	1,968	3.6%
Surry	1,554	3.0%	1,593	3.0%	1,633	3.0%
Iredell	753	1.4%	771	1.4%	791	1.4%
Wilkes	746	1.4%	764	1.4%	783	1.4%
Guilford	631	1.2%	647	1.2%	663	1.2%
Other	2,236	4.5%	2,385	4.5%	2,444	4.5%
Total	52,133	100.0%	53,436	100.0%	54,772	100.0%

Source: Section C, page 33

*Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

In Section C, page 31, the applicant provides the assumptions and methodology used to project NHCMC surgery utilization for the initial three project years of the proposed operating room relocation project. NHCMC projects the patient origin based on the historical hospital surgery services for CY2024. The applicant states that the projected patient origin is not expected to be significantly different compared to NHCMC’s historical patient origin.

The applicant’s assumptions are reasonable and adequately supported because the applicant projects patient origin based on the historical utilization of surgical cases at NHCMC’s.

Analysis of Need

In Section C, pages 34-41, the applicant explains why the patients it proposes to serve need the proposed services, as summarized below.

- **Growth in Surgical Utilization:** the applicant states NHCMC “*NHFCMC’s inpatient surgical cases increased by a compound annual growth rate (CAGR) of 3.1 percent during FFY2021-FFY2024 and outpatient surgical cases increased by a CAGR of 6.2 percent.*” (pages 35- 38)
- **Enhance Geographic Access:** the applicant states “*...Winston-Salem is served by 59 hospital-based operating rooms (ORs), excluding open-heart and C-section ORs. Only five (5) ORs are located in the western half of Forsyth County at NHCMC. The proposed project aims to address this geographic disparity by reallocating a portion of the existing licensed OR capacity within NHFCMC’s licensed facilities. This strategic redistribution will enhance access to hospital-based surgical services across Forsyth County, ensuring more equitable availability of critical healthcare resources for patients in the eastern region. Approximately 35 percent of NHCMC’s surgical patients come from points west of Forsyth County, including Surry, Stokes, Davie, Davidson, and Yadkin counties. Expanding OR*

capacity at NHCMC will enhance the hospital's ability to serve more patients from these western counties, minimizing travel distances and improving access to high-quality surgical care.” (pages 38-39)

- NHCMC Service Line Support: the applicant states that “*NHCMC operates as an extension of NHFMC, fostering a natural cohesion of services between the two hospitals. This seamless integration allows NHCMC to deliver high-quality care in a convenient, community hospital setting while benefiting from the extensive resources, expertise, and specialty services offered by NHFMC. NHCMC further enhances patient experience through its easy-to-navigate facility design and convenient surface parking, which simplify access and reduce stress for patients and their families. By providing localized access to advanced healthcare in an accessible and patient-friendly environment, NHCMC improves convenience and strengthens the overall continuum of care for the service area.*” (page 39)
- Service Area Demographics: the applicant states “*NHCMC is located in a high growth area of Forsyth County. During 2020-2023, the population in Clemmons grew by 4.7% which is more than three times the growth for Winston-Salem...The robust population growth in Clemmons further supports the proposed relocation of ORs from NHHOS to NHCMC. As the community continues to expand, the demand for accessible, high-quality surgical services in the area increases correspondingly. Relocating the ORs to NHCMC will help address this growing need by enhancing the hospital's capacity to serve local residents efficiently, reducing travel burdens, and optimizing resource utilization within the healthcare system.*” (pages 40-41)

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

- The applicant states that “*the proposed project addresses the critical need for additional hospital-based operating room capacity at NHCMC, driven by the facility's rising surgical demand. The sustained growth of inpatient service lines, coupled with the growing and aging population served by NHCMC, underscores the necessity of this initiative. By increasing access to advanced outpatient and inpatient surgical services that require the specialized resources of a hospital setting, this project will enhance the facility's ability to meet the evolving needs of its community.*”
- The applicant provides reliable data to demonstrate the need for the relocation of two operating rooms.

Projected Utilization

In Section Q, Form C.3b, pages 103, the applicant provides projected utilization for NCCMC, for the first three fiscal years following project completion, as illustrated in the table below.

Projected OR Utilization upon Project Completion				
NHCMC: Licensed ORs				
	Partial Project YR 6/1/29-12/31/29	1 st Full FY 1/1/30-12/31/30	2 nd Full FY 1/1/31-12/31/31	3 rd Full FY 1/1/32-12/31/32
ORs Number of Rooms by Type				
Open Heart ORs				
Dedicate C-Section ORs				
Other Dedicated Inpatient ORs				
Shared ORs	7	7	7	7
Dedicate Ambulatory ORs				
Total # of ORs	7	7	7	7
# of Excluded ORs				
Adjusted Planning Inventory	7	7	7	7
Surgical Cases				
# of C-Sections Performed in Ded. C-Section				
# of Inpatient Surgical Cases	736	1,210	1,309	1,431
# of Outpatient Surgical Cases	2,045	3,673	4,207	4,869
Total # of Surgical Cases	2,781	4,883	5,516	6,300
Case Times				
Inpatient	177.0	177.0	177.0	177.0
Outpatient	125.0	125.0	125.0	125.0
Surgical Hours				
Inpatient	2,117	3,480	3,765	4,116
Outpatient	3,173	5,699	6,528	7,555
Total Surgical Hours	5,290	9,179	10,923	11,670
# of ORs Needed				
Group Assignment	2	2	2	2
Standard Hours per OR per Year	1,138	1,950	1,950	1,950
Total Surgical Hrs/Standard Hrs per OR per Year	4.7	4.7	5.3	6.0

*Adjusted for partial year

- (1) Total # of ORs - # of Excluded ORs
- (2) Exclude C-Sections performed in dedicated C-Section ORs
- (3) Inpatient Cases (exclude C-Sections performed in dedicated C-Section ORs) X Inpatient Case Time
- (4) Outpatient Cases X Outpatient Case Time
- (5) From Section C, Question 5(c)
- (6) From Section C, Question 5(c)

Step 1: Historical OR Surgical Utilization

The following table summarizes recent OR surgical utilization by NHFMC facility location during FFY2021 through FFY2024.

Novant Health Clemmons Medical Center Surgical Cases Performed in Licensed ORs, FFY2021-FFY2024						
Facility Location	Metric	FFY2021	FFY2022	FFY2023	FFY2024	CAGR (%)
Hawthorne OP Surgery	OP Cases	7,732	6,028	7,512	8,385	2.7%
NH Kernersville Medical Center	IP Cases	810	798	598*	801	-0.4%
	OP Cases	2,420	2,556	2,998	3,261	10.5%
	Total	3,230	3,354	3,586	4,062	7.9%
NH Clemmons Medical Center	IP Cases	1,243	968	1,085	1,021	-6.3%
	OP Cases	2,571	3,069	2,785	2,763	0.1%
	Total	3,994	4,037	3,870	3,784	-1.8%
NH Forsyth Medical Center	IP Cases	6,530	6,025	6,693	7,581	5.1%
	OP Cases	5,217	5,533	6,212	7,315	11.9%
	Total	11,747	11,558	12,905	14,896	8.2%
NHFMC License Total	IP Cases	8,583	7,791	8,376	9,403	3.1%
	OP Cases	18,120	17,186	19,497	21,724	6.2%
	Total	26,703	24,977	27,873	31,127	5.2%

*FFY2023 IP surgical cases at NHKMC decreased due to the retirement of a key surgeon; however, Novant Health successfully recruited a replacement and IP utilization returned to expected levels in early FFY2024. Source: 2022-2025 License Renewal Applications. Excludes C-Sections performed in dedicated C-Section Rooms.

On page 114, the applicant states that the 2025 SMFP OR methodology projects need based on licensed facilities, such as NHFMC. However, it does not evaluate OR requirements for individual campuses, including NHCMC. To assess OR utilization at NHCMC, Novant Health applied the 2025 SMFP OR assumptions to NHCMC's FFY2024 surgical cases including its inpatient and outpatient case times, total surgical hours, and corresponding standard hours per OR per year. The results are summarized in the following table.

Novant Health Clemmons Medical Center	FFY2024 F: 10/01/2023 T: 09/30/2024
Operating Rooms- Number of Rooms by Type	
Dedicate C-Section ORs	
Shared ORs	5
Total # of ORs	5
# of Excluded ORs	
Adjusted Planning Inventory	5
Surgical Cases	
# of C-Sections Performed in Ded. C-Section	
# of Inpatient Surgical Cases	1,021
# of Outpatient Surgical Cases	2,763
Total # of Surgical Cases	3,784
Case Time (from 2025 LRA)	
Inpatient	177.0
Outpatient	125.0
Surgical Hours	
Inpatient	3,012
Outpatient	5,756
Total Surgical Hours	8,768
# of ORs Needed	
Group Assignment	4
Standard Hours per OR per Year	1,500
Total Surgical Hrs/Standard Hrs per OR per Year	5.8

- (1) Total # of ORs - # of Excluded ORs
(2) Exclude C-Sections performed in dedicated C-Section ORs
(3) Inpatient Cases (exclude C-Sections performed in dedicated C-Section ORs)
X Inpatient Case Time
(4) Outpatient Cases X Outpatient Case Time

On page 116, the applicant states that “NHCMC’s FFY2025 surgical utilization is projected to increase by 11 percent based on year-to-date surgical cases (October 2023 through February 2025). This sustained growth in surgical demand, driven by the expansion of NHCMC’s surgical service lines, projected population growth, and the county’s aging demographic, further underscores the need for additional hospital-based operating room capacity.”

Step 2: Projected Surgical Utilization at NHFMC Facilities

NHCMC

Novant Health projects inpatient and outpatient surgical utilization at NHCMC will increase based on the population growth rate for Forsyth County (0.8%). These assumptions are reasonable and supported by the demographic factors discussed in Section C.4.

Novant Health Clemmons Medical Center: OR Surgical Cases									
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032	FFY2033
IP Cases	1,029	1,038	1,046	1,055	1,063	1,072	1,081	1,090	1,099
OP Cases	2,786	2,808	2,831	2,855	2,878	2,901	2,925	2,949	2,973
Total	3,815	3,846	3,878	3,909	3,941	3,974	4,006	4,039	4,072

The below Novant Health's fiscal year is based on the calendar year. The following table converts the FFY projections to calendar year.

Novant Health Clemmons Medical Center: OR Surgical Cases								
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032
IP Cases	1,031	1,040	1,048	1,057	1,066	1,074	1,083	1,092
OP Cases	2,791	2,814	2,837	2,860	2,884	2,907	2,931	2,955
Total	3,823	3,854	3,886	3,917	3,949	3,982	4,014	4,047

NHKMC

On page 119, the applicant states *“Novant Health projects inpatient surgical utilization at NHKMC will increase based on the population growth rate for Forsyth County (0.8%). Novant Health projects outpatient surgical utilization at NHKMC will increase based on one-third of the FFY2021-FFY2024 CAGR ($10.5\% \div 3 = 3.5\%$).”*

Novant Health Kernersville Medical Center: OR Surgical Cases									
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032	FFY2033
IP Cases	808	814	821	828	834	841	848	855	862
OP Cases	3,375	3,492	3,614	3,740	3,870	4,005	4,145	4,289	4,438
Total	4,182	4,306	4,435	4,567	4,704	4,846	4,993	5,144	5,300

On page 119, the applicant states, *“Novant Health's fiscal year is based on the calendar year (Jan-Dec). The following table converts the FFY (Oct-Sept) projections to calendar year.”*
This is summarized in the table below:

Novant Health Kernersville Medical Center: OR Surgical Cases								
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
IP Cases	809	816	823	829	836	843	850	857
OP Cases	3,404	3,523	3,645	3,772	3,904	4,040	4,181	4,326
Total	4,213	4,338	4,468	4,602	4,740	4,883	5,030	5,183

During 2024, NHKMC developed one dedicated C-Section OR pursuant to Project ID # G-12030-21. Novant Health adopted the approved CON projections for the dedicated C-Section OR during the first full three project years, i.e., CY2025-CY2027, and held utilization constant thereafter, summarized in the table below:

Novant Health Kernersville Medical Center: OR Surgical Cases								
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
C-Sections Performed in Dedicated C-Section OR	87	131	174	174	174	174	174	174
IP Cases	809	816	823	829	836	843	850	857
OP Cases	3,404	3,523	3,645	3,772	3,904	4,040	4,181	4,326
Total	4,213	4,338	4,468	4,602	4,740	4,883	5,030	5,183

NHFMC

On page 120, the applicant states, “The proposed project does not involve any changes to NHFMC’s licensed OR capacity on the main campus. Novant Health conservatively projects inpatient and outpatient surgical utilization at NHFMC will increase based on the population growth rate for Forsyth County (0.8%). These assumptions are reasonable and supported by the historical growth of surgical cases at NHFMC and the demographic factors discussed in Section C.4.”

Novant Health Forsyth Medical Center: OR Surgical Cases									
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032	FFY2033
C-Sections	1,143	1,153	1,162	1,172	1,181	1,191	1,201	1,210	1,220
IP Cases	7,643	7,706	7,769	7,832	7,896	7,961	8,026	8,092	8,158
OP Cases	7,375	7,435	7,496	7,557	7,619	7,682	7,744	7,808	7,872
Total	15,018	15,141	15,265	15,390	15,516	15,643	15,771	15,900	16,030

On page 120, the applicant states, “Novant Health’s fiscal year is based on the calendar year. The following tables convert the FFY projections to calendar year and account for the urology cases that will shift to NHCMC,” as summarized in the table below:

Novant Health Forsyth Medical Center: OR Surgical Cases								
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
C-Sections	1,146	1,155	1,164	1,174	1,184	1,193	1,203	1,213
IP Cases	7,659	7,721	7,785	7,848	7,912	7,977	8,043	8,108
OP Cases	7,390	7,450	7,511	7,573	7,635	7,697	7,760	7,824
Total	15,049	15,172	15,296	15,421	15,547	15,675	15,803	15,983

Urology Cases to Shift to NHCMC									
	FMC			MHP			Total		
	IP	OP	Total	IP	OP	Total	IP	OP	Total
Partial Year 2029	62	65	127	29	445	474	90	510	601
Year One (CY20230)	93	98	190	43	668	711	135	765	901
Year Two (CY2031)	154	163	317	72	1,113	1,185	226	1,276	1,502
Year Three (CY2032)	231	244	476	107	1,670	1,777	339	1,914	2,252

Novant Health Forsyth Medical Center: OR Surgical Cases								
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032
C-Sections	1,146	1,155	1,164	1,174	1,184	1,193	1,203	1,213
IP Cases	7,659	7,721	7,785	7,848	7,851	7,885	7,888	7,877
OP Cases	7,390	7,450	7,511	7,573	7,570	7,600	7,598	7,580
Total	15,049	15,172	15,296	15,421	15,421	15,484	15,486	15,457

NHHOS

On page 121, the applicant states “Novant Health projects outpatient surgical utilization at NHHOS will increase based on the population growth rate for Forsyth County (0.8%),” as summarized in the table below:

Novant Health Hawthorne Outpatient Surgery: OR Surgical Cases									
	FFY2025	FFY2026	FFY2027	FFY2028	FFY2029	FFY2030	FFY2031	FFY2032	FFY2033
OP Cases	8,454	8,523	8,593	8,663	8,734	8,805	8,877	8,950	9,023

On page 121, the applicant states “Novant Health’s fiscal year is based on the calendar year”, as summarized in the table below:

Novant Health Hawthorne Outpatient Surgery: OR Surgical Cases								
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
OP Cases	8,471	8,540	8,610	8,681	8,752	8,823	8,895	8,968

“The proposed project is not expected to have any adverse impact on access to ambulatory surgical services at NHHOS. Upon completion of the proposed NHKMC project (January 1, 2029), NHHOS will reduce its licensed OR capacity from four to two. Upon completion of the complementary NHCMC project (June 1, 2029), NHHOS will reduce its licensed OR capacity from two to zero. The affected ORs will be designated as procedure rooms.”

“Surgical services can be provided in ORs and in properly configured procedure rooms. NHHOS may continue to perform surgical cases in the redesignated procedure rooms, as needed, because the rooms are already constructed to OR standards and are designed and equipped to satisfy recognized standards for ambulatory surgeries. This flexibility ensures that NHHOS can continue to accommodate surgical cases as needed, maintaining high-quality care for its patients. The following table summarizes projected utilization at NHHOS.

Novant Health Hawthorne Outpatient Surgery: OR Surgical Cases								
	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
OP Cases Performed in ORs	8,471	8,540	8,610	8,681	1,823			
OP Cases Performed in Procedure Rooms					6,928	8,823	8,895	8,968

NHFMC: Total Licensed Facilities

The following table summarizes the projected OR utilization for NHFMC's licensed facilities based on the previously described methodology.

Novant Health Forsyth Medical Center Surgical Cases Performed in Licensed ORs, FFY2021-FFY2032										
Facility Location	Metric	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029	CY2030	CY2031	CY2032
NHHOS	OP Cases	8,402	8471	8540	8610	8681	1823			
NHKMC	IP Cases	803	809	816	823	829	836	843	850	857
	OP Cases	3,289	3,404	3,523	3,645	3,772	3,904	4,040	4,181	4,326
	Total	4,092	4,213	4,338	4,468	4,602	4,740	4,883	5,030	5,183
NHCMC	IP Cases	1,023	1,031	1,040	1,048	1,057	1,156	1,210	1,309	1,431
	OP Cases	2,769	2,791	2,814	2,837	2,860	3,394	3,673	4,207	4,869
	Total	3,792	3,823	3,854	3,886	3,917	4,550	4,883	5,516	6,300
NHFMC	IP Cases	7,597	7,659	7,721	7,785	7,848	7,851	7,885	7,888	7,877
	OP Cases	7,330	7,390	7,450	7,511	7,573	7,570	7,600	7,598	7,580
	Total	14,926	15,049	15,172	15,296	15,421	15,421	15,484	15,486	15,457
NHFMC License Total	IP Cases	9,422	9,499	9,577	9,655	9,734	9,843	9,937	10,047	10,164
	OP Cases	21,790	22,056	22,327	22,604	22,886	16,691	15,312	15,985	16,775
	Total	31,212	31,556	31,905	32,260	32,621	26,534	25,250	26,032	26,939

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

- Utilization projections are based on the applicant's experience providing surgical services and supported by historical surgical utilization.
- Physician recruitment of new surgical providers, particularly in high-demand specialties, is contributing to rising case volumes.
- Projected population growth and aging in the service area supports projected increases in demand for surgical services in the Forsyth County service area.

Access to Medically Underserved Groups

In Section C, page 46, the applicant states:

"All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will continue to have access to NHFMC facilities, as clinically appropriate. Novant Health does not discriminate based on race, ethnicity, age, gender, or disability. Policies to provide access to services by low-income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibit C.6."

In Section C, page 47, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	PERCENTAGE OF TOTAL PATIENTS *
Low-income persons	7.3%
Racial and ethnic minorities	22.1%
Women	60.2%
Persons with Disabilities	*%
Persons 65 and older	53.9%
Medicare beneficiaries	53.9%
Medicaid recipients	6.1%

*Novant Health does not retain data that includes the number of disabled persons it serves. As such, Novant Health does not have a reasonable basis for estimating percentage of disabled patients to be served by the project. However, as noted above, disabled persons have not and will not be denied access to Novant Health's facilities.

In Section C, page 46, the applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section D, page 52, the applicant provides a table of the proposed reduction or elimination of Operating Rooms as illustrated below:

Service Component to be reduced or eliminated	Number to be Reduced or Eliminated	Number Remaining
Novant Health Hawthorne Outpatient Surgery	2	2*

*For information purposes, Novant Health is submitting a concurrent, complementary application to relocate two (2) ORs from NHHOS to NHKMC. Upon completion of this project and the NHKMC project, NHHOS will delicense its four (4) ORs and designate them as procedure rooms.

In Section D, pages 52-53, the applicant explains how the needs of the patients continuing to use the facility will be met following the reduction or elimination of the existing service components.

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

- Although the applicant is proposing to reduce the number of operating rooms, the applicant's proposal includes increasing the number of procedure rooms, by designating the operating rooms as procedure rooms.
- The applicant's proposal will not result in an interruption to services because all of the facility's rooms can accommodate any procedure type, and the applicant confirms all procedures will continue to be performed as appropriate.

Access to Medically Underserved Groups

In Section D, page 53, the applicant states:

"Novant Health remains firmly committed to health equity and non-discrimination. The organization does not discriminate on the basis of gender, race, ethnicity, age, or payor status. All patients, including those from medically underserved populations, will continue to have access to safe, high-quality ambulatory surgical care at NHHOS."

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 because the relocation of the two ORs will have no impact on the population previously being served since the OR rooms will be designated to procedure rooms that accommodate appropriate outpatient surgeries, ensuring uninterrupted care for patient who rely on NHHOS. Additionally, ORs will remain within the county service area.

- (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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section E, pages 57-59, 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 Status Quo- The applicant states that *“Under the status quo, NHFMC would not relocate ORs from NHHOS to NHCMC. However, this alternative would not enhance geographic access within Forsyth County and expand needed hospital-based surgical capacity at NHCMC. NHFMC has described the need the service area has for the project as proposed. For these reasons, maintaining the status quo is not an effective alternative.”*

Relocate a Different Number of ORs – The applicant states *“Novant Health determined that relocating one OR would be inefficient and insufficient to accommodate the current and future demand for surgical services at NHCMC...”*

As previously described, NHFMC is submitting a concurrent, complementary application to relocate two (2) ORs from NHHOS to NHKMC...

Upon consideration of these factors, Novant Health determined that relocating two ORs from NHHOS to NHCMC is the most effective alternative at this time.”

Relocate ORs from Another Facility – The applicant states *“Another alternative is to relocate ORs from another Novant Health licensed facility in Forsyth County. In addition to NHFMC, Novant Health also operates Novant Health Medical Park Hospital and two freestanding ambulatory surgery centers: Novant Health Kernersville Outpatient Surgery (NHKOS) and Novant Health Clemmons Outpatient Surgery (NHCOS). Based on FY2024 utilization, the ORs in the respective facilities are sufficiently utilized as shown in the following table.”*

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. Novant Health Clemmons Medical Center, (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
 - 2. Upon completion of the project, Novant Health Clemmons Medical Center shall be licensed for a total of no more than seven ORs.**
 - 3. Upon the completion of this project, the applicant shall take the necessary steps to decertify two (2) ORs from NHHOS for a total of two (2) ORs at NHHOS**
 - 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 February 1, 2025.**
 - 5. The applicant 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 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.**
 - 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

Capital and Working Capital Costs

In Section Q, Form F.1a, page 123, the applicant projects the total capital cost of the project, as shown in the following table:

PROJECTED CAPITAL COSTS	FORSYTH MEMORIAL HOSPITAL, INC.	NOVANT HEALTH, INC	TOTAL
Site Preparation		\$1,058,340	\$1,058,340
Construction Contract		\$25,777,358	\$25,777,358
Landscaping		\$28,604	\$28,604
Architect/Engineering Fees		\$2,845,073	\$2,845,073
Medical Equipment		\$6,571,890	\$6,571,890
Non-Medical Equipment		\$581,595	\$581,595
Furniture		\$376,845	\$376,845
Consultant Fees		\$35,000	\$35,000
Other (specify)		\$3,727,471	\$3,727,471
Total Capital Cost		\$41,002,176	\$41,002,176

In Section F, page 62, the applicant states there will be no start-up costs or initial operating expenses because NHCMC already offers surgical services.

In Section Q, page 130, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant states architect and engineering fees reflect expenditures and contractual obligations to bring all renovation to completion and are based on the architect's construction cost estimate as well as Novant Health's recent experience developing other major projects.
- The applicant states that costs for all medical equipment, furnishings, and technology have been estimated based on Novant Health's experience with several other recent comparable projects.

Availability of Funds

In Section F, page 60, the applicant states that the capital cost will be funded as shown in the following tables:

TYPE	NOVANT HEALTH INC.	TOTAL
Loans	\$	\$
Accumulated reserves or OE *	\$41,002,176	\$41,002,176
Bonds	\$	\$
Other (Specify)	\$	\$
Total Financing	\$41,002,176	\$41,002,176

In Exhibit F.2 the applicant provides a April 7, 2025, letter signed by the Executive Vice President and Chief Financial Officer for Novant Health Inc., the parent company for NHCNC, that confirms the availability of sufficient funds for the project capital needs and commits the funds to the project development. The applicant also provides a copy of the audited financial statements which confirm the availability of sufficient funds for the project. The applicant adequately demonstrates the availability of sufficient funds for 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 completions. In Forms F.2 and F.3, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

NHCNC OPERATING ROOMS	1 ST FULL FY CY 2030	2 ND FULL FY CY 2031	3 RD FULL FY CY 2032
Total Cases (From Form C.3b)	4,883	5,516	6,300
Total Gross Revenues (Charges)	\$294,913,368	\$343,138,317	\$403,666,522
Total Net Revenue	\$102,275,956	\$119,000,368	\$139,991,550
Average Net Revenue per Case	\$20,945	\$21,574	\$22,221
Total Operating Expenses (Costs)	\$71,575,820	\$78,981,777	\$88,097,355
Average Operating Expense per Case	\$14,658	\$14,319	\$13,984
Net Income	\$30,700,135	\$40,018,591	\$51,894,195

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 130-131. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable, including projected utilization, costs and changes. The discussion regarding projected utilization found in Criterion (3) 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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

On page 49, the 2025 SMFP defines the service area for ORs as “...the single or multicounty grouping shown in Figure 6.1.” Figure 6.1 on page 55 of the 2025 SMFP shows Forsyth County as its own OR service area. Thus, the service area for this project is Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved ORs in Forsyth County:

Facilities	OR Planning Inventory
Wake Forest Baptist Health Outpatient Surgery Center – Clemmons	3
Atrium Health Wake Forest Baptist	49
Novant Health Kernersville Outpatient Surgery	2
Novant Health Clemmons Outpatient Surgery	2
Novant Health Forsyth Medical Center	33
Novant Health Medical Park Hospital	10
Kimel Park Surgery Center	2
Piedmont Outpatient Surgery Center	2
Triad Surgery Center	2
Total	105

Source: 2025 SMFP, Table 6-A

In Section G, page 70, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved operating room services in Forsyth County. The applicant states:

“The proposed project will not result in unnecessary duplication of existing or approved facilities in Forsyth County. Novant Health does not propose to increase the complement of licensed ORs within Forsyth County. Additionally, this project will allow ORs that are currently used for outpatient only surgical procedures to be used for both inpatient and outpatient surgical procedures. Thus, the project increases

access and capacity for surgical services.”

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

- The proposal would not result in an increase in ORs in Forsyth County.
- The applicant adequately demonstrates that the relocation of two ORs from Novant Health Hawthorne Outpatient Surgery (NHHOS) is needed to expand access to NHCMC’s well-utilized hospital-based surgical services.

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.

- (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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section Q, Form H, page 128, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE	Projected FTE		
	As of 12/31/2024	1st Full FY	2nd Full FY	3rd Full FY
Registered Nurse	24.1	28.1	28.1	28.1
Certified Nurse Aides / Nursing Assistants	1.8	1.8	1.8	1.8
Certified Registered Nurse Anesthetists	7.9	9.9	9.9	9.9
Surgical Technician	12.2	17.2	17.2	17.2
Central Sterile Supply	7.7	9.7	9.7	9.7
Anesthesia Tech	1.0	1.0	1.0	1.0
Total	54.7	67.7	67.7	67.7

The assumptions and methodology used to project staffing are provided in Section Q, page 133. Adequate operating expenses for the health manpower and management positions

proposed by the applicant are budgeted in Form F.3b. In Section H, pages 71-74, 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 states that, *“Novant Health is a major employer in Forsyth County and has historically been able to recruit and retain clinical and non-clinical personnel for its healthcare facilities.”* (page 71)
- The applicant states that, *“Novant Health will recruit through its established regional and corporate Human Resources Departments should any recruitment be necessary. Novant Health corporate and regional human resources personnel will be available to recruit needed team members for the proposed project.”* (page 71)
- The applicant states that, *“Novant Health will continue to require all clinical employees to complete orientation, as well as training specific to their position. Novant Health will continue to require clinical staff members to maintain current licensure and certification, and to annually provide evidence of continued competency, either through direct observation, testing, or chart audit.”* (page 74)

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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

Ancillary and Support Services

In Section I, page 75, the applicant identifies the necessary ancillary and support services for the proposed services. On page 75, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant states that as an existing acute care hospital and provider of surgical services, all necessary ancillary and support services are available at NHCMC to support the proposed project. Expenses for all necessary ancillary and support services are included in Form H Staffing or Form F.3 Operating Costs.

Coordination

In Section I, page 76, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant states that as an existing health care facility in the area it has established relationships with area healthcare providers and social service providers.
- In Exhibit I.2, the applicant provides letters of support from physicians and other providers.

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.

- (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

- (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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section K, page 79, the applicant states that the project involves construction of 20,150 square feet of new space and 20,250 square feet of existing space. Line drawings are provided in Exhibit K.1-1.

On page 79, 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, *“Novant Health worked with experienced healthcare architects to develop a cost-effective plan that is responsive to the need for additional surgical capacity at NHCMC. The architect based the projected design and renovation cost on a review of the project and costs of similar projects, published construction costing data, and the architect’s design experience. Please see Exhibit F.1 for the architect’s certification of the proposed project costs.”*

On page 80, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant for providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states, “*Novant Health has extensive experience developing and operating surgical services. Novant Health understands the importance of designing healthcare facilities that are safe and efficient. Based on its depth of experience, Novant Health has confirmed that the size and scope associated with the proposed renovation at NHCMC are consistent with the need the population has for the project as proposed. Therefore, Novant Health has concluded that the costs incurred to develop and operate this project are necessary and appropriate to enhance access for service area patients.*”

On page 80, the applicant adequately identifies any applicable energy saving features incorporated into the construction / renovation plans based on the following:

- The applicant states, “*Novant Health will ensure NHCMC complies with applicable local, state, and federal requirements for energy efficiency and consumption. Novant Health will use and enforce engineering standards that mandate state-of-the-art components and systems. Novant Health will strive to ensure that energy-efficient systems are part of the project. NHFMC will continue to utilize Novant Health’s Sustainable Energy Management Plan. Please see Exhibit K.3.*”

In Section B, page 27, 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

NHCMC: Entire Facility Historical Payor Mix CY 2024	
Payor Category	Percent of Total
Self-Pay	1.4%
Charity Care	2.8%
Medicare*	46.8%
Medicaid*	12.9%
Insurance*	33.7%
Workers Compensation	0.5%
Tricare	0.9%
Other	1.1%
Total	100.0%

Source: Section L, page 82.

NHCMC: Surgical Services Historical Payor Mix CY 2024	
Payor Category	Percent of Total
Self-Pay	0.4%
Charity Care	0.8%
Medicare*	53.9%
Medicaid*	6.1%
Insurance*	36.0%
Workers Compensation	0.7%
Tricare	1.0%
Other	1.1%
Total	100.0%

Source: Section L, page 83.

Novant Health Hawthorne Outpatient Surgery Historical Payor Mix CY 2024	
Payor Category	Percent of Total
Self-Pay	0.2%
Charity Care	0.7%
Medicare*	65.5%
Medicaid*	9.6%
Insurance*	21.8%
Workers Compensation	0.6%
Tricare	0.9%
Other	0.7%
Total	100.0%

Source: Section L, page 83.

In Section L, page 84, the applicant provides the following comparison.

NHCMC	Last Full FY before Submission of the Application	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area*
Female	60.2%	54.2%
Male	39.8%	45.8%
Unknown	0.0%	
64 and Younger	56.5%	82.6%
65 and Older	43.5%	17.4%
American Indian	0.4%	1.1%
Asian	0.6%	2.8%
Black or African American	15.4%	27.6%
Native Hawaiian or Pacific Islander	0.1%	0.2%
White or Caucasian	77.9%	65.7%
Other Race	4.9%	2.6%
Declined / Unavailable	0.6%	

Source: Section I, page 84

* 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.

NHHOS	Last Full FY before Submission of the Application	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area*
Female	64.5%	54.2%
Male	35.4%	45.8%
Unknown	0.0%	
64 and Younger	40.7%	82.6%
65 and Older	59.3%	17.4%
American Indian	0.4%	1.1%
Asian	0.5%	2.8%
Black or African American	14.9%	27.6%
Native Hawaiian or Pacific Islander	0.1%	0.2%
White or Caucasian	79.0%	65.7%
Other Race	3.3%	2.6%
Declined / Unavailable	1.9%	

Source: Section I, page 84

* 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

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

In Section L, page 85, 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 facilities owned by the applicant or a related entity located in North Carolina.

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 85, 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.

Novant Health Clemmons Medical Center: Facility Projected Payor Mix, Third Full FY CY 2031	
Payor Category	Percent of Total
Self-Pay	1.4%
Charity Care	2.8%
Medicare*	46.8%
Medicaid*	12.9%
Insurance*	33.7%
Workers Compensation	0.5%
Tricare	0.9%
Other (Describe)	1.1%
Total	100.0%

Source: Section L, page 85.

* Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.4% of total services will be provided to self-pay patients, 46.8% to Medicare patients and 12.9% to Medicaid patients.

Novant Health Clemmons Medical Center: Surgical Services Projected Payor Mix, Third Full FY CY 2031	
Payor Category	Percent of Total
Self-Pay	0.4%
Charity Care	0.8%
Medicare*	53.9%
Medicaid*	6.1%
Insurance*	36.0%
Workers Compensation	0.7%
Tricare	1.0%
Other (Describe)	1.1%
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.4% of total services will be provided to self-pay patients, 53.9% to Medicare patients and 6.1% to Medicaid patients.

On page 86, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant states that the projected payor mix is based on CY 2024 payor mix for surgical services at NHCMC.
- The applicant states that Novant Health provides charity care to uninsured and insured patients. For the purposes of completing this table, all patients who received charity care were identified and reported in the “Charity Care” payor source line.

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.

In Section L, page 89, 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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section M, page 90, 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

- The applicant provides supporting documentation of its approved Clinical Education Agreements for Novant Health in Exhibit M.1.
- The applicant states that Novant Health already has long-standing relationships and training agreements with existing training programs in the area and will extend appropriate training opportunities when the two ORs are added to NHCMC.

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 relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

On page 49, the 2025 SMFP defines the service area for ORs as “...the single or multicounty grouping shown in Figure 6.1.” Figure 6.1 on page 55 of the 2025 SMFP shows Forsyth County as its own OR service area. Thus, the service area for this project is Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table identifies application the existing and approved ORs in Forsyth County:

Facilities	OR Planning Inventory
Wake Forest Baptist Health Outpatient Surgery Center – Clemmons	3
Atrium Health Wake Forest Baptist	49
Novant Health Kernersville Outpatient Surgery	2
Novant Health Clemmons Outpatient Surgery	2
Novant Health Forsyth Medical Center	33
Novant Health Medical Park Hospital	10
Kimel Park Surgery Center	2
Piedmont Outpatient Surgery Center	2
Triad Surgery Center	2
Total	105

Source: 2025 SMFP, Table 6-B

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 92, the applicant states:

“The proposed project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in the service area because it will allow Novant Health to enhance access to surgical services, and to better meet the needs of its existing patient population utilizing hospital-based services in Forsyth County. The project will allow ORs that are currently used only for outpatient surgical procedures to be used for both inpatient and outpatient surgical procedures. Thus, capacity will be expanded as a result of this project. The relocated ORs will be in a convenient, highly accessible setting for service area residents. At the same time, NHHOS will be able to maintain outpatient surgical capacity because the vacated ORs are available to be used as procedure rooms..”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 92-93, the applicant states:

“This project will not increase the cost to patients or payors for surgical services because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that NHCMC will have the capacity to continue to provide high-quality services that are accessible to patients...”

Novant Health has financial assistance and uninsured discount policies that will improve access to healthcare for service area residents. NHCMC operates under Novant Health’s Financial Assistance (formerly Charity Care) policy and other policies that promote equitable access to care. Uninsured patients with an annual family income less than or equal to 300 percent of the Federal Poverty level will not get a bill.”

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

Regarding the impact of the proposal on quality, in Section N, page 94, 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 NHCMC...”

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

NHCMC 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 Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 94, 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 service”

See also Sections 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

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

The applicant proposes to relocate no more than two operating rooms from Novant Health Hawthorne Outpatient Surgery (NHHOS) for a total of no more than seven ORs upon project completion

In Section Q, Form O, page 129, the applicant identifies the hospitals and ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 18 of these types of facilities located in North Carolina. On page 98, the applicant states that no hospital identified in Form O had any situations resulting in a finding of immediate jeopardy during the eighteen-month look-back period.

In Section O, page 98-99, the applicant states that, during the 18 months immediately preceding the submittal of the application, two incidents related to quality of care resulting in a finding of immediate jeopardy occurred in one facility, Novant Health Pender Medical Center's hospital-based skilled nursing unit. According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had occurred in this facility, but the facility is now 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 of the 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.

NA

The applicant does not propose to increase the number of operating rooms in the service area; therefore, the criteria and standards for surgical services and operating rooms do not apply.