

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: August 7, 2025

Findings Date: August 7, 2025

Project Analyst: Gregory F. Yakaboski

Co-Signer: Gloria C. Hale

Project ID #: F-12633-25

Facility: CaroMont Regional Medical Center-Belmont

FID #: 190371

County: Gaston

Applicant(s): CaroMont Health, Inc.

Gaston Memorial Hospital, Incorporated

Project: Relocate no more than three operating rooms from CaroMont Specialty Surgery

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

CaroMont Health, Inc. and Gaston Memorial Hospital, Incorporated (referred to as “CaroMont Health” or “the applicant”) proposes to relocate no more than three operating rooms (ORs) from CaroMont Specialty Surgery (CSS) to CaroMont Regional Medical Center-Belmont (CaroMont-Belmont or CRMC-Belmont) in Belmont, Gaston County.

CaroMont Regional Medical Center has two hospital campuses operating under one hospital license. One hospital campus is in Gastonia (CaroMont-Gastonia) and the other hospital campus is in Belmont (CaroMont-Belmont).

CSS is a separately licensed, free-standing ambulatory surgery facility (ASF) located on the campus of CaroMont-Gastonia. Upon project completion, the three ORs currently licensed to CSS will be under the hospital license and located at CaroMont-Belmont. **Need Determination**

Need Determination

There is no applicable need determination in the 2025 State Medical Facilities Plan (SMFP).

Policies

There is one policy in the 2025 SMFP applicable to the review.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2025 SMFP, states:

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

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

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of 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 \$5 million. In Section B, page 24, the applicant provides a written statement of its plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because the applicant states it will work with experienced engineers and architects to renovate the existing space to accommodate the three ORs that will meet or exceed the North Carolina Energy Code. Further, water conservation HVAC systems and water saving plumbing fixtures that meet or exceed the North Carolina Building Code will be utilized.

- (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.

NC

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

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 Gaston County as its own OR service area. Thus, the service area for this facility is Gaston County. Facilities may also serve residents of counties not included in their service area.

CaroMont-Belmont does not have any historical OR data as the facility only became operational on January 8, 2025. The following table illustrates projected patient origin.

CaroMont-Belmont: Projected Patient Origin-Operating Rooms

Counties	1 st FFY (CY2028)		2 nd FFY (CY2029)		3 rd FFY (CY2030)	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Gaston	3,315	71.7%	3,719	71.7%	4,171	71.7%
Cleveland	508	11.0%	570	11.0%	639	11.0%
Lincoln	202	4.4%	226	4.4%	254	4.4%
Other NC Counties	282	6.1%	317	6.1%	355	6.1%
Other States	317	6.9%	356	6.9%	399	6.9%
Total	4,625	100.0%	5,188	100.0%	5,819	100.0%

Source: Table on page 31 of the application.

In Section C, page 31, the applicant provides the assumptions and methodology used to project its patient origin.

“CaroMont Health developed the volume of discharges and patient origins for the operating rooms at CRMC-Belmont using historical patient origin at CRMC and CSS in conjunction with the assumptions and methodology presented in Section Q.”

The applicant’s assumptions are reasonable and adequately supported because the applicant relied on historical data from CaroMont-Gastonia and CSS, including OR volume and growth rate.

Analysis of Need

In Section C.4, pages 34-36, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- CaroMont-Gastonia Hospital Campus Development (page 34).
- Population Growth Trends (pages 34-35).
- 2025 Qualified Urban Ambulatory Surgical Facilities (pages 35-36).

The information is reasonable and adequately supported based on the application, exhibits to the application, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The three ORs being relocated are currently located in a building on the CaroMont-Gastonia hospital campus which will be torn down and, in its place, a medical office building will be constructed. For the three ORs to remain operational they need to be relocated to a new space.

- The applicant, utilizing data from the North Carolina Office of State Budget and Management (NCOSBM), documents that Gaston County projects overall population growth of 5.0%, or 12,369 people, for the period of 2025-2030.
- The NCOSBM projects the age 65+ cohort for Gaston County will grow at 12.0%, or 5,045 people, for the period of 2025-2030.
- The three ORs at CSS are currently separately licensed as an ASF. Relocating the three ORs to CaroMont-Belmont under the hospital license will more effectively allow CaroMont Health to navigate the impacts of the new state law that will go into effect in late November 2025, allowing qualified urban ambulatory surgical facilities to be developed without requiring certificate of need.

Projected Utilization

In Section Q, Forms C.3a and 3b, the applicant provides interim and projected utilization, as illustrated in the following tables. CaroMont-Belmont did not become operational until January 8, 2025, and therefore has no historical surgical case data.

CaroMont-Belmont: Interim OR Cases

Surgical Cases	Interim FY 2025*	Interim FY 2026	Interim FY 2027
# of ORs**	2	2	2
Inpatient (IP) Cases	300	400	500
Outpatient (OP) Cases	1,000	1,300	1,700
Total Surgical Cases	1,300	1,700	2,200

Source: Form C.3a

*All Fiscal Years are Calendar Years (CY).

**Excluding C-Section ORs.

CaroMont-Belmont: Projected OR Cases

Surgical Cases	1st PY FY 2028*	2nd PY FY 2029	3rd PY FY 2030
# of ORs**	5	5	5
IP Cases	561	629	705
OP Cases	4,065	4,559	5,113
Total Surgical Cases	4,625	5,188	5,819

Source: Form C.3b

*All Fiscal Years are Calendar Years.

**Excluding C-Section ORs.

In Section Q, Forms C.3a and C.3b and Utilization Methodology and Assumptions, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Identification of Historical CSS Outpatient Surgery (OP) Cases

The applicant provided the historical outpatient surgical volume from CSS for the last five calendar years (CY2020-CY2024).

	CY2020	CY2021	CY2022	CY2023	CY2024
OP Surgical Cases	2,872	3,327	3,833	4,337	4,545

Step 2: Calculation of Compound Annual Growth Rate (CAGR)

The applicant then calculated the Compound Annual Growth Rate (CAGR) for CY2020-CY2024. The CAGR is 12.2%.

	CY2020	CY2021	CY2022	CY2023	CY2024	CAGR 2020-2024
OP Surgical Cases	2,872	3,327	3,833	4,337	4,545	12.2%

Step 3: Projection of CSS Outpatient Surgery (OP) Cases (2025-2027)

CSS-OP Cases: Projected

	2025	2026	2027*
OP Cases	5,098	5,718	6,415
70%			4,491
			1,924

*See assumptions below.

Assumptions:

- 2025 & 2026 = Prior year x 12.2% CAGR
- The projection for 2027 reflects a major adjustment: due to anticipated change in legislation regarding qualified urban ASFs, 70% of CSS OP cases are expected to be lost beginning in 2027.
- 2027 = Prior year x 12.2% CAGR x (1- 70%)
- The applicant assumed that it would take at least one year after implementation of the new law for any new ASF to be developed and licensed in Gaston County.

Step 4: CRMC-Belmont OR Case Projections from CON Project ID# F-12449-23

CRMC-Belmont OR Case Projections

	2025	2026	2027
Surgical Cases	1,300	1,700	2,200

The applicant used the OR case projections from the CRMC-Belmont application (Project ID# F-12449-23) for Years 1 through 3 to ensure consistency.

Step 5: Projection of Total OR Cases at CaroMont-Belmont (2028-2030)

CRMC-Belmont OR Case Projections

	2027	2028	2029	2030	CAGR
CSS Projected OR Cases (Step #3)	1,924				
CRMC-Belmont Projected OR Cases (Step #4)	2,200				
CRMC-Belmont Projected OR Cases	4,124	4,625	5,189	5,822	12.2%

The applicant projected total OR cases at CaroMont-Belmont for the first three project years (CY2028 to CY2030) by applying the same 12.2% CAGR (See Step #2) to the combined case volume from 2027.

Step 6: Estimation of Inpatient IP and OP Cases at CRMC-Belmont

CRMC-Belmont IP and OP OR Case Projections

	2028	2029	2030
Projected IP Cases	561	629	705
Projected OP Cases	4,065	4,559	5,113
Total OR Cases	4,625	5,189	5,822

- IP Cases projected to be 12.1% of total OR cases based on projections submitted in (Project ID# F-12449-23 for CaroMont-Belmont.
- Total projected OR cases for CY2028-CY2029 from Step #5.

Step 7: Projection of Total OR Hours

CaroMont-Belmont, which projects to report less than 15,000 surgical hours, classifies as a Group 4 facility per the 2025 SMFP, page 52. The applicant projected total OR hours for the first three project years (CY2028-CY2030) based on Group 4 IP and OP cases times from the 2025 SMFP, page 52. See table in Section Q, CRMC-Belmont Utilization Methodology and Assumptions, Step #7 of the application.

IP case time = 106.2 minutes

OP case time = 70.8 minutes

Step 8: Determination of CRMC-Belmont OR Room Need

The performance rules for ORs do not apply when relocating existing ORs within the service area. However, the applicant utilized the OR performance rules to help demonstrate OR room need at CaroMont-Belmont.

CaroMont-Belmont: Projected OR Utilization for the 3rd Project Year (CY2030)

Row	Operating Rooms	
A	Inpatient Surgical Cases	705
B	Inpatient Surgical Case Times (in Minutes)	106.2
C	Inpatient Surgical Hours (Row A * Row B/60 min)	1,248
D	Outpatient Surgical Cases	5,113
E	Outpatient Surgical Case Times (in Minutes)	70.8
F	Outpatient Surgical Hours (Row D * Row E/ 60 min)	6,033
G	Total Surgical Cases (Row A + Row D)	5,818
H	Total Surgical Hours (Row C + Row F)	7,281
I	Group Assignment	4
J	Standard Hours per OR per Year	1,500
K	Number of ORs Needed (Row H / Row J)	4.85
L	Existing and Approved ORs at CaroMont-Belmont	2
M	Projected OR Surplus/ (Deficit)	(3.85)

Source: The 2025 SMFP, Chapter 6, page 52 and Steps #6 and #7 above.

Note: Totals might not foot due to rounding.

As shown in the table above CaroMont-Belmont is projected to have a deficit of 3.85 ORs in the third project year (CY2030). The applicant demonstrates the need for three additional ORs at CaroMont-Belmont.

The table below summarizes the applicant's assumptions and methodologies and projected utilization.

SUMMARY TABLE OF THE APPLICANTS PROJECTED SURGICAL CASES

Rows		2025	2026	2027	2028	2029	2030
A	CSS Projected OR Cases (Step #3)	5,098	5,718	1,924*	Closed	Closed	Closed
B	IP Cases: CRMC-Belmont**	300	400	500	561	629	705
C	OP Cases: CRMC-Belmont**	1,000	1,300	1,700	4,065	4,559	5,113
D	Total Cases: CRMC-Belmont (Row B+ Row C)**	1,300	1,700	2,200	4,625	5,189	5,822
E	Total Projected Cases (2025-2027: Row A + Row D) (2028-2030- Row B+ Row C)	6,398	7,418	4,124	4,625	5,189	5,822
F	Growth Rate for Years 2028-2030 (Row E)				12.2%	12.2%	12.2%

*The applicant projected 6,415 OP cases at CSS for 2027 and then reduced that by 70% to account for the impacts of the new state law allowing the development of qualified urban ambulatory surgical facilities without certificate of need. [6,415 – 4,491 (70% of total) = 1,924 cases].

**The applicant states that for 2025-2027 the breakdown of IP cases, OP cases and Total Cases at CRMC-Belmont came directly from Project ID# F-12449-23. For 2028-2030 the applicant 1st: “grew” the projected total OR cases starting with the projected total OR cases in 2027 using the 4-year CAGR of 12.2% calculated in Step #2 for CSS; 2nd: Calculated IP and OP cases by calculating the percentage of IP cases of Total cases and then using that percentage (12.1%) determined the number of IP cases. The number of OP cases were the remaining cases after IP cases were backed out from the total cases.

However, projected utilization is not reasonable and adequately supported based on the following:

- In Step #4 the applicant states that the projected total cases at CRMC-Belmont, for the years 2025-2027, are “*taken directly from the approved Certificate of Need Project ID#F-12449-23*”. In Step #6 the applicant states the break down between IP and OP cases for 2025-2027 is “*based on values submitted in the CON [Project ID#F-12449-23]*”. However, the applicant did not use the correct total cases or the correct IP and OP case breakdown from Project ID#F-12449-23. The table below reflects the correct total cases, IP cases and OP cases as set forth in both the application and findings for Project ID#F-12449-23. The Rows “B-D” are for reference and correspond to Rows “B-D” in the summary table above to show the contrast in total cases, IP cases an OP cases.

CRMC-Belmont: Projected OR Cases 2025-2027 from Project ID# F-12449-23

Rows		2025	2026	2027
B	IP Cases: CRMC-Belmont**	221	271	341
C	OP Cases: CRMC-Belmont**	948	1,162	1,466
D	Total Cases: CRMC-Belmont (Row B+ Row C)**	1,169	1,433	1,807

- The applicant, in Step #5, projected total OR cases at CRMC-Belmont for the first three project years (2028-2030) at 12.2% as shown in Row F of the summary table above. The

- growth rate used by the applicant, 12.2%, was derived from the 4-year CAGR at CSS (see Step #2 above). The first problem is that CSS was performing OP cases only. In applying the 12.2% growth rate to calculate total cases at CRMC-Belmont for 2028-2030, 12.2% was applied to project both IP and OP cases. The applicant provided no basis or documentation establishing that 12.2% was a reasonable growth rate to project IP cases at CRMC-Belmont. Second, by its methodology, the applicant also applied the 12.2 % growth rate to project OP cases at CRMC-Belmont. However, the applicant also did not provide any basis establishing that 12.2% was a reasonable growth rate for OP cases at CRMC-Belmont. The applicant, in its projections for 2027 at CSS, reduced projected OP cases at CSS by 70% to account for the impacts of the new state law allowing the development of qualified urban ambulatory surgical facilities without certificates of need. [6,415 – 4,491 (70% of total) = 1,924 cases]. The applicant provided no analysis or documentation establishing the reasonableness of using the historic 4-yr CAGR of 12.2% from CSS given the projected impacts of the new state law allowing the development of qualified urban ambulatory surgical facilities without certificates of need as demonstrated by the applicants' projected 70% reduction in OP cases at CSS for 2027. In addition, the applicant did not provide an explanation as to why 70% of outpatient cases would be performed at newly developed ASFs as opposed to a different percentage.
- The applicant states that CRMC-Belmont became operational on January 8, 2025 and this application was submitted to the Agency on April 15, 2025. However, the applicant provided no historical data for OR cases at CRMC-Belmont for the approximately three months from when the facility became operational to the submittal of the application. The Project Analyst recognizes that to complete the application there had to be a “cut off” date however, to provide no historical data for OR cases at CRMC-Belmont, even for say a two-month period, was not reasonable.
 - The applicant did not affirmatively state in its application when CSS would no longer provide surgical services. While it can be implied that CSS would continue to provide surgical services until the three ORs could be transferred to CRMC-Belmont, it is not certain that that is, in fact, the case. If CSS was stopping surgical services prior to the three ORs being transferred to CRMC-Belmont that would be a pertinent fact in assessing the reasonableness of the applicant's assumptions and methodology.

Access to Medically Underserved Groups

In Section C.6, page 42, the applicant states,

“CaroMont Health makes hospital services accessible to indigent patients without regard to ability to pay. All CaroMont Health facilities and physicians provide services to all residents regardless of race/ethnicity, sex, physical or mental ability, age, and/or source of payment. The Patient's Bill of Rights and Responsibilities states:

‘The patient has the right to receive medical and surgical services if we are able to provide these without discrimination based on race, color, sex, gender identity/expression, sexual orientation, language, culture, national origin, source of payment, age, religious preferences, or disabilities– physical or mental.’

Acute care services will be available at CRMC-Belmont to patients regardless of their race/ethnicity, sex, gender, sexual orientation, language, culture, national origin, source of payment, age, religious preference, or disabilities.”

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	14.3%
Racial and ethnic minorities	22.0%
Women	58.8%
Persons with Disabilities	CRMC does not track this Group.
Persons 65 and older	62.6%
Medicare beneficiaries	48.8%
Medicaid recipients	12.2%

Source: Table on page 42.

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:

- In Exhibit C.6 (Tab 4) the applicant provides copies of the following:
 - Patient Rights and Responsibilities,
 - Non-Discrimination Notice,
 - No Surprise Act, and
 - Financial Assistance Program

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not 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.

NC

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

CSS is an existing ASF with three ORs located on the campus of CaroMont-Gastonia. As an ASF CSS only provides outpatient (OP) surgical services. The existing CSS building is being demolished to make room for a new medical office building. All three of the existing ORs at CSS will be relocated to CaroMont-Belmont and placed under the hospital license.

In Section D, page 49, and Section E, page 54, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 49, the applicant states:

“With the demolition of the existing CSS building, the operating rooms will no longer operate in the facility. Due to the change in the CON Law on November 21, 2025, CaroMont Health is projecting that 70% of the outpatient surgical cases once performed at CSS will be relocated to new ambulatory surgery centers opened in Gaston County. CaroMont Health is projecting that 30% of outpatient surgical cases will be treated at CRMC- Belmont at the completion of the three OR relocation project.”

On page 54, the applicant states,

“Due to the changes in the CON Law beginning on November 21, 2025, ASC operating rooms no longer require a SMFP need determination and CON approval. Anyone may develop an ASC and become licensed in North Carolina after November 21, 2025.”

In Section Q, Forms C.3a and 3b, the applicant provides interim and projected utilization, as illustrated in the following tables.

CaroMont-Belmont: Interim OR Cases

Surgical Cases	Interim FY 2025*	Interim FY 2026	Interim FY 2027
# of ORs**	2	2	2
Inpatient (IP) Cases	300	400	500
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IP Cases	561	629	705
OP Cases	4,065	4,559	5,113
Total Surgical Cases	4,625	5,188	5,819

Source: Form C.3b

*All Fiscal Years are Calendar Years.

**Excluding C-Section ORs.

In Section Q, Forms C.3a and C.3b and Utilization Methodology and Assumptions, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

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**The applicant states that for 2025-2027 the breakdown of IP cases, OP cases and Total Cases at CRMC-Belmont came directly from Project ID# F-12449-23. For 2028-2030 the applicant 1st: “grew” the projected total OR cases starting with the projected total OR cases in 2027 using the 4-year CAGR of 12.2% calculated in Step #2 for CSS; 2nd: Calculated IP and OP cases by calculating the percentage of IP cases of Total cases and then using that percentage (12.1%) determined the number of IP cases. The number of OP cases were the remaining cases after IP cases were backed out from the total cases.

However, projected utilization is not reasonable and adequately supported based on the following:

- The applicant is projecting that 70% of the outpatient surgical cases once performed at CSS will be relocated to new ambulatory surgery centers opened in Gaston County. However, this is an assumption by the applicant. It is also possible that the new ambulatory surgery centers projected to be opened in Gaston County will either not open or will, perhaps, be developed at a later date in the future. The applicant did not provide data and calculations on the ability or capacity of CRMC-Belmont, CRMC or CaroMont ASC-Belmont to provide outpatient surgical services to those 70% of outpatient surgical cases that were projected to be performed at CSS and the applicant is now projecting to be performed at ASF’s that do not yet exist.
- In Step #4 the applicant states that the projected total cases at CRMC-Belmont, for the years 2025-2027, are “*taken directly from the approved Certificate of Need Project ID#F-12449-23*” In Step #6 the applicant states the break down between IP and OP cases for 2025-2027 is “*based on values submitted in the CON [Project ID#F-12449-23]*”. However, the applicant did not use the correct total cases or correct the IP and OP case breakdown from Project ID#F-12449-23. The table below reflects the correct total cases, IP cases and OP cases as set forth in both the application and findings for Project ID#F-

12449-23. The Rows “B-D” are for reference and correspond to Rows “B-D” in the summary table above to show the contrast in total cases, IP cases an OP cases.

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- The applicant, in Step #5, projected total OR cases at CRMC-Belmont for the first three project years (2028-2030) at 12.2% as shown in Row F of the summary table above. The growth rate used by the applicant, 12.2%, was derived from the 4-year CAGR at CSS (see Step #2 above). The first problem is that CSS performed OP cases only. In applying the 12.2% growth rate to calculate total cases at CRMC-Belmont for 2028-2030, 12.2% was applied to project both IP and OP cases. The applicant provided no basis or documentation establishing that 12.2% was a reasonable growth rate to project IP cases at CRMC-Belmont. Second, by its methodology, the applicant also applied the 12.2 % growth rate to project OP cases at CRMC-Belmont. However, the applicant also did not provide any basis establishing that 12.2% was a reasonable growth rate for OP cases at CRMC-Belmont. The applicant, in its projections for 2027 at CSS, reduced projected OP cases at CSS by 70% to account for the impacts of the new state law allowing the development of qualified urban ambulatory surgical facilities without certificate of need. [6,415 – 4,491 (70% of total) = 1,924 cases]. The applicant provided no analysis or documentation establishing the reasonableness of using the historic 4-yr CAGR of 12.2% from CSS given the projected impacts of the new state law allowing the development of qualified urban ambulatory surgical facilities without certificate of need as demonstrated by the applicants projected 70% reduction in OP cases at CSS for 2027.
- The applicant states that CRMC-Belmont became operational on January 8, 2025 and this application was submitted to the Agency on April 15, 2025. However, the applicant provided no historical data for OR cases at CRMC-Belmont for the approximately three months from when the facility became operational to the submittal of the application. The project analyst recognizes that to complete the application there had to be a “cut off” date however, to provide no historical data for OR cases at CRMC-Belmont, even for say a two-month period, was not reasonable.
- The applicant did not affirmatively state in its application when CSS would no longer provide surgical services. While it can be implied that CSS would continue to provide surgical services until the three ORs could be transferred to CRMC-Belmont it is not certain that that is, in fact, the case. If CSS stopped surgical services prior to the three ORs being transferred to CRMC-Belmont, that would be a pertinent fact in assessing the reasonableness of the applicant’s assumptions and methodology.

Access to Medically Underserved Groups

In Section D, page 49, the applicant states,

“Although services at CSS will not be available, surgical services at CRMC-Belmont will be available to all persons including: (a) low-income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) elderly, and (f) other underserved persons, including the medically indigent referred by their attending physicians.

CaroMont Health makes hospital services accessible to indigent patients without regard to ability to pay. All CaroMont Health facilities and physicians provide services to all residents regardless of race/ethnicity, sex, physical or mental ability, age, and/or source of payment. The Patient’s Bill of Rights and Responsibilities states:

The patient has the right to receive medical and surgical services if we are able to provide these without discrimination based on race, color, sex, gender identity/expression, sexual orientation, language, culture, national origin, source of payment, age, religious preferences, or disabilities— physical or mental.”

However, the applicant does not adequately demonstrate that the needs of medically underserved groups that will continue to use outpatient surgical services will be adequately met following completion of the project for the following reasons:

- The applicant is projecting that 70% of the outpatient surgical cases once performed at CSS will be relocated to new ambulatory surgery centers opened in Gaston County. However, this is an assumption by the applicant and a basis for this particular percentage is not provided. It is also possible that the new ambulatory surgery centers projected to be opened in Gaston County will either not open or will, perhaps, be developed at a later date in the future. The applicant did not provide data and calculations on the ability or capacity of CRMC-Belmont, CRMC or CaroMont ASC-Belmont to provide outpatient surgical services to all or a portion of the 70% of outpatient surgical cases that were projected to be performed at CSS and the applicant is now projecting to be performed as ASF’s that do not yet exist.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the following reasons:

- The applicant does not adequately demonstrate that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
 - The applicant does not adequately demonstrate that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

NC

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

In Section E, pages 53-54, 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:

- *Develop a New Ambulatory Surgery Facility*-The applicant states that due to high capital costs related to acquiring a new building with the necessary surgical infrastructure which would duplicate the existing overhead that already exists at CaroMont-Belmont the applicant determined that developing a new ASF for the three ORs is not the most effective or least costly alternative.
- *Sell Operating Rooms to Another Provider*- The applicant states due to the changes in the CON law beginning November 21, 2025, there will be no market to sell the existing ORs as anyone can develop an ASF OR in Gaston County after November 21, 2025. Therefore, the applicant determined that this was not the most effective alternative.

On page 54, the applicant states that its proposal is the most effective alternative because

“Relocating the operating rooms to CRMC-Belmont offers significant benefits in terms of market access, operational efficiency, and potential cost savings. By leveraging the infrastructure and resources of CRMC- Belmont, this alternative provides a smoother transition while also enhancing service offerings and expanding access to care.”

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The application is not conforming to all statutory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons (*or analysis*) stated above. Therefore, the application is denied.

- (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.

NC

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

Capital and Working Capital Costs

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

Construction	\$4,996,525
Medical Equipment	\$6,054,660
Interiors	\$86,652
Information & Analytics Services	\$561,174
Security	\$24,987
Internal Resources	\$135,835
Professional Fees	\$812,071
Administrative	\$17,422
Contingency	\$1,029,706
Total	\$13,719,032

In Form F.1a and Exhibit F.1 (Tab 5), 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:

- In Exhibit F.1 (Tab 5) the applicant provided an itemized upfit cost estimate from a licensed architect/engineer.
- Form F.1a contained detailed assumptions used to project capital cost.

In Section F.3, page 57, the applicant states there will be no start-up costs or initial operating expenses because CaroMont-Belmont is an existing facility and will have been providing surgical services for more than a year prior to operation of the proposed relocated three ORs.

Availability of Funds

In Section F.2, pages 55-56, the applicant states the entire projected capital cost of \$13,719,032 will be funded entirely by Assets Limited as to use of CaroMont Health, Inc.

In Exhibit F.2 (Tab 6) the applicant provides a letter dated April 10, 2025, from the Chief Financial Officer of CaroMont Health, Inc. stating that CaroMont Health, Inc. will obligate and commit \$13.8 million for the sole purpose of relocating and developing three ORs at CaroMont-Belmont. The Chief Financial Officer states that the funds will be provided through “Assets limited as to use: Internally designated”.

In Exhibit F.2 (Tab 6) the applicant also provided a copy of CaroMont Health, Inc. and Affiliates audited financial statements showing \$832 million in Assets limited as to use: Internally designated as of June 30, 2024.

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 an appropriate company official documenting the availability of funding for the projected capital needs of the project as well as a commitment to use those funds toward the development of the proposed project.
- The applicant provides a copy of the audited financials of CaroMont Health, Inc., showing availability of sufficient funds.

Financial Feasibility

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

CaroMont-Belmont: Surgical Services

	1st Full Fiscal Year (CY2028)	2nd Full Fiscal Year (CY2029)	3rd Full Fiscal Year (CY2030)
Total Surgical Cases*	4,625	5,188	5,819
Total Gross Revenues (Charges)	\$174,301,743	\$205,271,375	\$241,743,639
Total Net Revenue	\$27,905,709	\$32,863,947	\$38,703,157
Average Net Revenue per Surgical Case	6,034	\$6,335	\$6,651
Total Operating Expenses (Costs)	\$23,795,763	\$26,950,858	\$30,768,261
Average Operating Expense per Surgical Case	\$5,145	\$5,195	\$5,288
Net Income	\$4,109,946	\$5,913,090	\$7,934,895

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Forms F.2a, F.2b, F.3a and F.3b. However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

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 not conforming to this criterion for the following reasons:

- The applicant does not adequately demonstrate 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.

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

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 Gaston County as its own OR service area. Thus, the service area for this facility is Gaston County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in the Gaston County operating room service area, and the inpatient and outpatient case volumes for each provider, from Table 6A, page 61, Project ID# F-11749-19, and Table 6b, page 73, of the 2025 SMFP.

Gaston County*	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	IP Surgery Cases	OP Surgery Cases
CaroMont ASC-Belmont*	0	0	0	0	2	0	0
CaroMont Specialty Surgery (CSS)	0	6	0	0	-3	0	4,232
CaroMont Regional Medical Center (CaroMont-Gastonia)	5	0	17	-3	1	4,618	11,096
CaroMont Regional Medical Center-Belmont (CaroMont-Belmont) **	0	0	2	-1	0	0	0

Source: 2025 SMFP, Table 6A and 6b.

*CaroMont ASC-Belmont, an ASC, was approved per Project ID# F-11912-20 and was developed by relocating one OR from CaroMont—Gastonia and one OR from CSS.

**CaroMont-Belmont is a separate hospital campus operating under the CaroMont—Gastonia hospital license. CaroMont-Belmont was approved per Project ID# F-11749-19 and Project ID# F-12449-23 (Cost Overrun for Project ID# F-11749-19) and became operational on January 8, 2025. One dedicated C-Section OR was relocated from CaroMont-Gastonia and 2 ORs were relocated from CaroMont Specialty Surgery (CSS).

In Section G.2, page 64, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing OR services in Gaston County. The applicant states:

“The building where CSS is located will be demolished in the future to clear the way for the development of a medical office building. As such, without relocating and operating the ORs at CRMC-Belmont, Gaston County will lose the OR capacity associated with these ORs.

Furthermore, with the CON Law changing on November 21, 2025, anyone can develop ASC operating rooms in a county with a population over 125,000 residents, Gaston County has 247,000 residents. This will result in the unregulated duplication of ASC operating

rooms. Relocating the CSS operating rooms to CRMC-Belmont will decrease the number of ASC ORs duplicated in the future.”

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The projected utilization was not reasonable and adequately supported, therefore, the applicant did not establish that the proposed project is not an unnecessary duplication of the existing or approved ORs in the service area. The discussion regarding analysis of projected utilization, found in Criterion (3), is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not 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 three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

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

Position	Current FTE Staff	Projected FTE Staff
	(3/15/2025)	3rd Full Fiscal Year (CY 2029)
CNA	1.0	6.0
Registered Nurse	3.0	25.0
Surgical Technicians	2.0	11.0
Central Sterile Supply	2.0	5.0
Clerical Staff	1.0	2.0
TOTAL	9.0	49.0

The assumptions and methodology used to project staffing are provided in Section Q, Form H and Form H Staffing Assumptions. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 66-67, 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 facility is an existing facility, and the applicant bases its staffing on its historical experience and expected volume.
- The applicant has existing policies regarding recruitment, qualifications for staff, training, and continuing education.

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 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.

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

Ancillary and Support Services

In Section I, page 69, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 70-71, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 (Tab 10). The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the services the applicant currently provides at CaroMont-Belmont.

Coordination

In Section I.2, page 71, 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:

- CaroMont Health has provided services to Gaston County and the surrounding counties through CRMC for over 75 years. The CaroMont Health network combined includes 62 practices, departments, or locations in five counties.
- CaroMont Health has established Transfer Agreements with the closest Level 1 Trauma Center and several surrounding medical centers, these include the following and will be extended to CaroMont-Belmont.
 - Carolinas Medical Center
 - Novant Health Forsyth Medical Center
 - NC Baptist Hospital
 - Novant Health Presbyterian Hospital
 - UNC Hospitals

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 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 relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

In K, page 74, the applicant states that the project involves renovating 10,472 square feet of existing space. Line drawings are provided as part of Exhibit K.2 (Tab 11).

On page 75, 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 project architect has reviewed the necessary renovations and has estimated project costs excluding Medical Equipment to total \$7.7 million.”

On page 75, 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:

“CRMC-Belmont proposes renovate 10,472 square feet at CRMC-Belmont.

...

The project’s design will follow all applicable federal, state, and local building codes, and requirements for energy efficiency and consumption.

Based on the expertise of the project architect, the proposed upfit is appropriate in relation to the development and operation of the three operating rooms.”

On page 75, the applicant states that the proposed location is existing office space to which minor renovations will be performed. Therefore, the applicant states,

“CaroMont Health has adopted a commitment to energy efficiency and is continually making capital investments and cost-effective upgrades to improve energy performance.

CaroMont Health has demonstrated its commitment to energy efficiency by winning the ASHE Energy to Care Award in 2015 for Reducing Energy Intensity by 10%. CaroMont Health has further committed to reduce its kBTU sf / year by 20% and will use EPA Energy Star for Hospitals rating system to benchmark its facilities performance.”

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 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 79, the applicant states that CaroMont-Belmont only became operational on January 8, 2025, as such, it does not have any historical data. The applicant provides the historical payor mix during last FY (CY2024) for CSS, as shown in the table below.

CSS

Payor Source	Percentage of Total Patients Served
Self-Pay	0.4%
Medicare *	61.9%
Medicaid *	13.6%
Insurance *	22.6%
Other (Other Governmental)	1.5%
Total	100.0%

*Including any managed care plans.

In Section L, page 80, the applicant provides the following comparison.

CSS-Last FFY

	Percentage of Total Patients Served	Percentage of the Population of the Service Area
Female	58.8%	51.6%
Male	41.2%	48.4%
Unknown		
64 and Younger	37.4%	83.2%
65 and Older	62.6%	16.8%
American Indian	0.5%	0.7%
Asian	0.6%	1.9%
Black or African American	14.5%	19.9%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	78.0%	74.9%
Other Race	6.4%	2.5%
Declined / Unavailable		0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- 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.2, page 80, the applicant states that CaroMont is not obligated under any applicable federal regulations to provide

uncompensated care, community service, or access by minorities and persons with disabilities

In Section L, page 80, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights equal access complaints have been filed against CaroMont Medical Center.

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.

- (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.3, page 81, the applicant projects the payor mix for both the facility and the proposed services during the third full fiscal year of operation (CY2030) following completion of the project, as summarized in the table below.

CaroMont-Belmont: Facility

Payor Source	Percentage of Total Patients Served
Self-Pay	7.1%
Medicare *	46.7%
Medicaid *	15.4%
Insurance *	27.1%
Other (Other Governmental)	3.7%
Total	100.0%

*Including any managed care plans.

CaroMont-Belmont: ORs

Payor Source	Percentage of Total Patients Served
Self-Pay	2.1%
Medicare *	48.8%
Medicaid *	12.2%
Insurance *	34.0%
Other (Other Governmental)	2.9%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that for OR services 2.1% will be provided to self-pay patients, 48.8% to Medicare recipients and 12.2% to Medicaid recipients.

On page 81, 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 historical (FY2024) payor mix of surgical cases at CSS and CaroMont-Gastonia.

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.5, page 82, 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 three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

In Section M, page 84, 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 (Tab 13). 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 currently provides applicable health professional training programs in the area with access to the facility.
- In Exhibit M.1 (Tab 13) the applicant provides a list of educational affiliation agreements and a sample educational affiliation agreement.

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 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.

NC

The applicant proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

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 Gaston County as its own OR service area. Thus, the service area for this facility is Gaston County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in the Gaston County operating room service area, and the inpatient and outpatient case volumes for each provider, from Table 6A, page 61, Project ID# F-11749-19, and Table 6b, page 73, of the 2025 SMFP.

Gaston County*	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	IP Surgery Cases	OP Surgery Cases
CaroMont ASC-Belmont*	0	0	0	0	2	0	0
CaroMont Specialty Surgery (CSS)	0	6	0	0	-3	0	4,232
CaroMont Regional Medical Center (CaroMont-Gastonia)	5	0	17	-3	1	4,618	11,098
CaroMont Regional Medical Center-Belmont (CaroMont-Belmont) **	0	0	2	-1	0	0	0

Source: 2025 SMFP, Table 6A and 6b.

*CaroMont ASC-Belmont, an ASC, was approved per Project ID# F-11912-20 and was developed by relocating one OR from CaroMont—Gastonia and one OR from CSS.

**CaroMont-Belmont is a separate hospital campus operating under the CaroMont—Gastonia hospital license. CaroMont-Belmont was approved per Project ID# F-11749-19 and Project ID# F-12449-23 (Cost Overrun for Project ID# F-11749-19) and became operational on January 8, 2025. One dedicated C-Section OR was relocated from CaroMont-Gastonia and 2 ORs were relocated from CaroMont Specialty Surgery (CSS).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 86, the applicant states:

“CaroMont Health expects the development of the operating rooms at CRMC-Belmont to have a positive impact on competition in the service area.

CaroMont Health competes mostly with much larger systems in adjacent counties. CaroMont Health recognizes that patients have a choice of where to receive their care and it strives to earn the loyalty of its patients every day. But in order to remain competitive and to meet current and projected demand for its services, CaroMont Health must take

appropriate steps to maintain its services within its surgical service area. This CON application presents a reasonable and conservative approach to accomplishing this goal.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 86-87, the applicant states:

“While the upfront costs of the relocation is \$13.7 million, this alternative provides long-term cost-effectiveness, particularly when considering the broader operational and financial environment of a hospital setting.

The primary cost of relocating the operating rooms involve logistical expenses, including renovations of the CRMC- Belmont’s facility to accommodate the ORs, as well as acquiring medical equipment. However, these initial investments can be offset by several factors in the longer term:

Shared infrastructure costs ...

Operational Efficiency ...

Long-Term Savings ...

Thus, while the upfront capital costs of relocating the operating rooms may be substantial, the long-term cost- effectiveness of this alternative is enhanced through shared infrastructure, operational efficiencies, and the ability to leverage existing hospital resources. This makes the hospital relocation a more financially sustainable solution in the long run.”

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

Regarding the impact of the proposal on quality, in Section N, page 87, the applicant states:

“Relocating to a hospital setting can actually enhance the quality of the outpatient surgical services, due to the expanded resources and the multidisciplinary care environment available in a hospital.

...

Relocating the operating rooms to CRMC-Belmont can improve the quality of services provided through the availability of advanced medical technology, the opportunity for multidisciplinary care, increased emergency capacity, and enhanced patient experience. These factors combined to offer patients a higher level of care compared to an ASC setting, particularly for those requiring more complex or high-risk procedures.

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 88, the applicant states:

“The hospital environment can provide significant advantages in terms of access for underserved populations, particularly when considering factors such as geographic location and financial access.

...

...relocating operating rooms to CRMC-Belmont will greatly improve access for medically underserved groups. The hospital’s geographic reach and ability to serve low-income patients can enhance access to essential surgical services for those who need them most. This makes the relocation a positive step in addressing healthcare disparities and improving care delivery in underserved communities.”

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

However, the applicant does not adequately demonstrate the proposal would have a positive impact on cost-effectiveness because the applicant does not adequately demonstrate that the proposal is cost effective because the applicant did not adequately demonstrate that projected revenues and operating costs are reasonable.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not 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 three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one hospital (consisting of two campuses operating under the same license) located in North Carolina.

In Section O, page 95, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in none of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in none of these facilities. 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 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 proposes to relocate three ORs from CaroMont Specialty Surgery to CaroMont-Belmont.

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.