

July 2, 2018

COMMENTS IN OPPOSITION FROM NOVANT HEALTH, INC.

**Regarding Moses H. Cone Memorial Hospital's
Triad Surgery Center CON Application,
Project I.D. # G-011516-18 to Develop 2 ORs in Forsyth County**

INTRODUCTION

The 2018 State Medical Facilities Plan (“SMFP”) shows a need for four additional operating rooms (“ORs”) in Forsyth County. In response to the published need Novant Health filed two applications for two ORs each at Novant Health Forsyth Medical Center (“NHFMC”) and at the Novant Health Clemmons Outpatient Surgery, LLC (“NHCOS”). These applications were assigned Project I.D. Numbers G-011517-18 and G-011518-18 respectively.

Three applications were filed by other providers:

- North Carolina Baptist Hospital (“NCBH”) applied to add four shared ORs in Ardmore Tower – Project I.D. # G-011519-18.
- MC Kernersville, LLC and Moses Cone Memorial Hospital (“MCMH”) applied to construct a new ambulatory surgical facility with two ORs and a Gastrointestinal Endoscopy Room on its outpatient campus in Kernersville – Project I.D. # G-011516-18.
- OrthoCarolina physicians and Compass Surgical Partners (“OrthoCarolina”) applied to renovate space for two ORs in Winston-Salem in the space now occupied by the Novant Health Orthopedic Outpatient Surgery Center – Project I.D. # G-11513-18.

Because the Agency can approve no more than four new ORs, the five applications are subject to competitive review. As part of the competitive review process, Novant Health files these comments on the three competing applications to show the Novant Health applications better meet the surgical needs of Forsyth County and the goals of the CON program. Nothing in these comments is intended to amend or modify the two Novant Health applications.

EXISTING SURGICAL AND ENDOSCOPY FACILITIES

The existing and approved surgical facilities in Forsyth County and in the adjacent Counties of Davie and Guilford are part of the context in which the Agency must compare the five applications. Attachment 1 shows information on each existing and approved surgical facility. Attachment 2 shows information on each GI endoscopy room. The facilities in adjacent

counties are relevant because the service areas for Kernersville and for Clemmons extend into the adjacent county.

Novant Health notes that all its approved surgical projects are open or are under construction and on schedule to open as planned in 2019. Novant Health also notes ORs relocated to the recently-opened Novant Health Kernersville Outpatient Surgery (“NHKOS”) are paid by Medicare and other payors as freestanding ambulatory surgery centers and not as hospital outpatient departments. The same will be true for Novant Health Clemmons Outpatient Surgery (“NHCOS”) when it opens in 2019.

MCMH CON PROJECT I.D. NUMBER G-11516-18

MCMH proposes to develop a new ambulatory surgery facility (ASF), Triad Surgery Center, with two operating rooms, one GI endoscopy room, and one procedure room in Kernersville for a capital expenditure of \$12,713,263. The ORs, GI endoscopy room and procedure room would be in service in April 2020 without appeal. The facility will be located adjacent to MCMH’s existing MedCenter Kernersville but will be a separate building and legal entity. The separation likely increases the capital cost of the project but allows MCMH to sell ownership interests to surgeons at some future date. Had the two ORs been added to the existing structure the capital cost would probably have been less.

Criterion (3)

The Agency should deny this application because there is no need for additional ORs or GI rooms in Kernersville. Each argument MCMH makes to support its application fails when facts the application omitted are considered.

The MCMH application defines “Kernersville” expansively to include a collection of seven zip codes in Forsyth and Guilford Counties. See MCMH application, page 24. Only two of these zip codes, 27284 and 27285, are actually Kernersville zip codes, and one of these zip codes, 27285, is for post office boxes in Kernersville. The other zip codes that MCMH defines as “Kernersville” are located in other towns and cities, such as:

27009: Belews Creek (Forsyth County)

27051: Walkertown (Forsyth County)

27235: Colfax (Guilford County)

27265: High Point (Guilford County)

27310: Oak Ridge (Guilford County)

While an applicant can generally define its service area however it wishes, it is misleading to suggest that “Kernersville” is larger than it actually is. According to the US Census Bureau, as of July 1, 2017, the estimated population of Kernersville is 24,386.¹ The population of Kernersville (zip code 27284) was not 54,629 in 2017, nor is the population of Kernersville (zip code 27284) likely to grow to 57,453 by 2022, as MCMH states on page 30 of its application.² Nor was the 2017 population of Kernersville (Forsyth County portion) 65,426 as MCMH states on page 32 of its application.³

At the present time, Kernersville (zip code 27284) has six ORs and two GI endoscopy rooms. Four of the six ORs are located at Novant Health Kernersville Medical Center (“NHKMC”). Two of the six ORs are located at Novant Health Kernersville Outpatient Surgery (“NHKOS”), which just opened in June 2018. The two existing GI endoscopy rooms in Kernersville are operated by Digestive Health Specialists, P.A (“DHS”), located at 280 Broad Street, Suite g, in Kernersville. In addition, Gastroenterology Associates of the Piedmont (“GAP”) was just approved in February 2018 to relocate two GI endoscopy rooms from Winston-Salem to an ASF in Kernersville, Kernersville Endoscopy Center (“KEC”) (Project I.D. No. G-11442-17). Attachment 3 is the GAP CON, dated April 3, 2018, indicating KEC is supposed to open on July 5, 2018. Thus, there will soon be four endoscopy rooms in Kernersville. While GAP’s GI endoscopy volumes are listed on page 68 of the MCMH application in its discussion of Criterion (6), there is no mention of KEC and its imminent opening. This is a significant omission.

High Point zip code 27265, which MCMH calls “Kernersville,” is the home of Premier Surgery Center, 4515 Premier Drive, Suite 102, High Point, North Carolina 27265. The facility opened in 2016 with two ORs. It is a freestanding multispecialty ASF owned by UNC High Point Regional. In nearby High Point zip code 27262, there are six ORs at High Point Surgery Center, which is an ASF. High Point Regional Health, also located in zip code 27262, has eight shared ORs.⁴

¹ US Census Bureau. See <https://www.census.gov/quickfacts/fact/table/kernersvilletownnorthcarolina/PST045217>

² MCMH refers to a population source called ESRI, which it describes an international geographic information systems company. See MCMH application, page 29. ESRI is apparently a fee-based service which the CON Section is not likely to be able to access. See www.esri.com.

³ MCMH Application, Project I.D. # G-011516-18, Pages 30. Source of population not provided.

⁴ These figures do not include ORs located in nearby Greensboro. MCMH has 13 ambulatory ORs and 37 shared ORs in Guilford County. See 2018 SMFP, Table 6A, page 66 included as Attachment 1. Kernersville is approximately midway between Winston-Salem and Greensboro, so Greensboro providers are a viable option for Kernersville residents.

High Point zip code 27262 also contains seven GI endoscopy rooms: Bethany Medical Center (2 rooms); High Point Endoscopy Center (3 rooms), and High Point Regional Health (2 rooms).⁵

However one defines “Kernersville,” there is sufficient outpatient OR and GI endoscopy capacity to meet the needs of residents of Kernersville and surrounding areas for the foreseeable future. There is no need for the project that MCMH proposes.

Over the last decade, Novant Health has shown a commitment to investing in the communities in Forsyth County by bringing high quality access to surgical patients at a lower cost. The 2018 SMFP shows a need for four new ORs in Forsyth County. This is the first time since 2001 there has been a numerical need published in the SMFP for any new ORs in the county. Absent SMFP determined need for new ORs, Novant Health had to relocate four existing ORs from NHFMC to new lower-cost ASFs and community hospitals in Clemmons near the western county line and in Kernersville near the eastern county line. The relocations better distributed health care facilities in the county to meet community needs. By moving ORs and outpatient surgeries to separately licensed ASFs, Novant Health is reducing the cost and improving the accessibility and quality of care for outpatient surgery patients.

- Novant Health Kernersville Medical Center (March 2011): three ORs from FMC Main and one OR from NHMPH
- Novant Health Clemmons Medical Center (April 2013): two ORs from NHHOS
- Novant Health Clemmons Medical Center Expansion (August 2017): one OR from FMC Main and two ORs from NHMPH
- Novant Health Kernersville Outpatient Surgery (June 2018): two ORs from NHFMC
- Novant Health Clemmons Outpatient Surgery (July 2019): two ORs from NHOOS

In June 2018, Novant Health opened NHKOS, a freestanding ASF which is available to all qualified surgeons, including those in practices affiliated with MCMH.

Before filing the two applications, Novant Health considered applying for one additional OR each at NHKOS and NHCOS. Under all three OR need methodologies Novant Health used, there is no projected need for ORs at NHKMC or NHKOS. Novant Health determined there is no need for additional surgical capacity in the Kernersville service area because of the recently approved NHKOS and because the lower case times at NHKMC reflect lower acuity cases. More

⁵ These figures do not include GI endoscopy rooms located in nearby Greensboro. Cone Health and LeBauer (which is owned by Cone Health) have 11 GI endo rooms. Other providers include Eagle Endoscopy Center (4 rooms), Greensboro Specialty Surgical Center (2 rooms) and Guilford Endoscopy Center (2 rooms). See 2018 SMFP, Table 6F, page 86 included as Attachment 2.

cases per OR can be accommodated in Kernersville than Clemmons. The table below shows the past destinations of Kernersville residents for outpatient surgery. The data show Kernersville residents have a choice in surgical providers.

Kernersville (27284) Resident Outpatient Surgery Destination

	Outpatient Surgeries			Market Share		
	2015	2016	2017	2015	2016	2017
Novant Health Kernersville Medical Center	977	1,056	1,099	29%	29%	31%
Novant Health Forsyth Medical	520	593	570	15%	17%	16%
The North Carolina Baptist Hospital	484	467	516	14%	13%	14%
Novant Health Medical Park Hospital	454	437	432	13%	12%	12%
Surgical Center of Greensboro	224	221	236	7%	6%	7%
Cone Health	237	220	186	7%	6%	5%
Piedmont Outpatient Surgery Center	99	129	116	3%	4%	3%
High Point Surgery Center	82	91	85	2%	3%	2%
Grand Total	3,383	3,582	3,572	91%	90%	91%

Source: Truven

NHKOS added two ORs in June 2018. While Greensboro and High Point are in Guilford County, and therefore not in the same SMFP defined surgical service area as Forsyth County, the ORs in these cities and those in Winston-Salem are readily accessible and utilized by Kernersville residents. Surgical facilities in Guilford County do not need additional ORs and have capacity to serve Kernersville residents.

The MCMH application has no information on surgical or GI facilities in Guilford County that Kernersville residents use. Kernersville is on the county line and facilities in the adjacent county must be considered in determining need in this sub-county area. The table above shows there is choice and competition in the local market for surgical services. There are eight programs in the Piedmont Triad area with six different owners. There are hospital-based ORs and ORs located in freestanding ASFs. All are within a maximum of 18 miles of Kernersville. Patients and physicians in Kernersville have many choices of surgical facilities. Because of these choices, NHKMC and NHKOS have strong incentives to offer high quality programs. Novant Health determined no additional ORs are needed in Kernersville at this time.

Similarly, there is no information in the MCMH application on GI facilities that Kernersville residents now use. There is no mention of the approval of the KEC project, which is scheduled to open on July 5, 2018. This information was available to MCMH, so it is puzzling why there is no discussion of KEC.

The MCMH application fails to present data to show an unmet need for additional ASF ORs or GI in Kernersville. Referrals for surgical and endoscopy procedures will come from the four Cone Health primary care practices near the proposed facility (Cone Health Primary Care & Sports Medicine at MedCenter Kernersville, Piedmont Triad Family Medicine, LeBauer Primary Care at MedCenter High Point, LeBauer HealthCare at Oak Ridge).⁶ Because MCMH is projecting substantially all referrals to come from MCMH physician practices, MCMH has complete data on which proceduralists patients were referred to and where the procedures were performed. However, MCMH did not include this information in the application.

Because MCMH did not provide relevant health planning information which it should have, the application does not answer these important questions about the need for a new facility in Kernersville:

- To which physicians did the primary care practices refer the patients for surgery and endoscopy?
- At which facilities were the procedures performed?
- Are there any scheduling, quality or other problems at these facilities that make them unavailable or inappropriate for future procedures?
- With the availability of freestanding ASF ORs and GI rooms in Kernersville, how would an additional facility in Kernersville improve geographic access?
- If referrals to the proposed facility will come from the MCMH primary care practices, the growth rate in referrals will approximate the patient growth rate of these practices. What is the patient growth rate of those practices and in the number of referrals for surgery and endoscopy?

The application does not address why the Novant Health ASF opening in Kernersville in 2018 and KEC opening in July 2018 and the other facilities in Kernersville and surrounding areas will not meet the needs of the patients, which are distinct from MCMH's business goals. The application does not answer questions relevant to whether Kernersville immediately needs a second freestanding ASF:

- Will the MCMH charges or negotiated rates be less than Novant Health's?
- For how many patients is MCMH an in-network provider for patients for whom Novant Health is out-of-network?
- Will the MCMH facility be equipped for procedures the Novant Health facility will not?

⁶ MCMH CON Application, Project I.D. # G-011516-18, Page 22

- Will the proceduralists the MCMH refers to not qualify for privileges at Novant Health facilities?

The existence of the MCMH Accountable Care Organization, Triad Health Network, does not justify approval of this application. MCMH provided no data showing the count or percentage of the patients of the primary care practices are enrollees in the ACO. The number may or may not be significant for health planning.

The ACO is a contracting entity that does not own or directly manage health care providers. It contracts with many practices and facilities not owned by MCMH. Novant Health is eager to contract and work with the MCMH ACO in Kernersville, but to date MCMH has not proposed a contract and relationship with any Novant Health facility or provider.

Integrating a surgery center with an ACO is relatively simple. A contract can address financial, operational and clinical requirements for the facility. A surgery center generates cost only when a physician schedules a procedure. The important integration is between the ACO and the physician to be sure utilization management criteria and procedures are observed. Novant Health will routinely check with an ACO or other health plan to be sure preauthorization and other requirements are satisfied before scheduling a procedure. Novant Health surgical facilities routinely exchange medical records with providers outside Novant Health and with health plans.

On page 38 of its application, MCMH states “[t]here are currently four existing providers of operating rooms in Forsyth County, and Cone Health is not among them.” This does not demonstrate the need for MCMH’s proposal. Nor is the fact that MCMH proposes to develop “only two of the four operating rooms” available in the 2018 SMFP a reason to approve MCMH’s deficient application.⁷

MCMH has failed to demonstrate the need for its project. Accordingly, its application is nonconforming with Criterion (3). This in turn causes the MCMH application to be nonconforming with Criterion (1), (4), (5), (6) and (18a), and Policy GEN-3.

Additional comments specific to various other criteria follow.

Criterion (4)

The applicant is required to propose the least costly or most effective alternative. The MCMH application meets neither element of Criterion (4). In Section E of its application, MCMH argues that it chose Kernersville in part because the proposed location will benefit from the Winston-Salem Northern Beltway and Greensboro Loop. MCMH does not explain how

⁷⁷ MCMH CON Application, Project I.D. # G-011516-18, Page 39

these highway projects will lead to increased outpatient surgeries and endoscopic procedures *that could not otherwise be accommodated in all the other ORs and GI endoscopy rooms in Kernersville and surrounding areas.*

MCMH also fails to explain how the existence of MedCenter Kernersville will lead to increased outpatient surgeries and endoscopic procedures *that could not otherwise be accommodated in all the other ORs and GI endoscopy rooms in Kernersville and surrounding areas.*

It is significant that MCMH did not discuss the alternative of relocating existing ORs and GI endoscopy rooms in Guilford County. Since Kernersville sits on the county line, MCMH could easily reach Kernersville residents by relocating some of its own assets to western Guilford County. This is what NHFMC and other providers such as GAP have done in Forsyth County. There is no reason why MCMH cannot employ the same strategy in Guilford County.

A project that is not needed is never the least costly or most effective alternative. Accordingly, the MCMH application is nonconforming with Criterion (4).

Criterion (6)

The MCMH project represents an unnecessary duplication of existing and approved resources. NHKOS, a freestanding ambulatory surgery center with two ORs, just opened in June 2018. KEC, with two GI endoscopy rooms, is scheduled to open on July 5, 2018. MCMH never explains why Kernersville needs two more ORs and another GI endoscopy room in addition to NHKOS, KEC, and all the other outpatient ORs and GI endoscopy rooms available in close proximity in Kernersville, High Point, Winston-Salem and Greensboro.

The MCMH application should be found nonconforming with Criterion (6).

Criterion (13)

MCMH's commitment the ASF will make to those in need of financial assistance is ambiguous. MCMH has structured this application to be able to sell interests to physicians in the future. In keeping open its options for future sale of interests, it appears to also keep its options open for future financial assistance policies. MCMH never says the ASF will adopt its charity care and financial assistance policies. It says only that its current policies will be the "basis" for the ASF's financial assistance policies. See MCMH application, page 86. This creates sufficient "wiggle room" that MCMH has made no enforceable commit to a financial assistance policy for the proposed ASF. It is also noteworthy that Triad Surgery Center's payor mix is predominantly

insurance.⁸ Using ESRI data (which is not available to the State, as far as Novant Health knows), MCMH takes the position that because “the Kernersville region” is relatively affluent, there is less need for charity care. This contradicts its later assertion that “. . . Triad Surgery Center will continue Cone Health’s commitment to underserved populations. . . .”⁹

Even if the CON Section finds these ambiguous and contradictory statements sufficient to satisfy Criterion (13), MCMH should be deemed a less effective alternative in the comparative analysis with respect to access to medically underserved patients.

Criterion (18a)

Approval of the MCMH ASF will decrease competition on price and quality. There is competition now among surgical facilities under different ownership for patient referrals from the MCMH primary care practices and proceduralists. If the MCMH application is approved, the MCMH primary care physicians and proceduralists will have to refer to the MCMH ASF regardless of how it compares to other surgical facilities in price or quality.

Moreover, the benefits that MCMH claims will flow from its proposed project, *i.e.* lower costs, already exist at NHKOS.

To summarize reasons the Agency should deny the MCMH application:

- In Kernersville proper, there are two ORs in NHKOS that opened in June 2018. NHKOS is equipped to perform surgeries in the specialties MCMH describes in its application. There are also four ORs at NHKMC. The MCMH ORs would be an unnecessary duplication of a facility that just opened.
- In Kernersville proper, there are already two GI endoscopy rooms. There are two more GI endoscopy rooms scheduled to open in Kernersville on July 5, 2018. The MCMH GI endoscopy room would be an unnecessary duplication of existing and approved GI endoscopy rooms in Kernersville.
- Besides facilities in Kernersville proper, there are multiple ORs and GI endoscopy rooms available to service area residents. MCMH has not shown there are unmet needs for additional facilities or that the proposed facility will offer better quality or lower prices than the existing facilities. The existing facilities are owned by several different competitors such as Novant Health, Wake Forest Baptist, UNC High Point Regional, Surgical Care Affiliates, and even Cone Health itself.

⁸ MCMH CON Application, Project I.D. # G-011516-18, Page 87

⁹ MCMH CON Application, Project I.D. # G-011516-18, pp. 88, 89

- MCMH proposes a separate structure rather than expanding its MedCenter Kernersville. Expansion would be a less costly alternative. The likely reason for the more expensive separate facility is to allow MCMH to sell interests to physicians.
- MCMH has not shown there is any reason the success of its ACO requires it to own an ASF in Kernersville. It has not shown existing facilities are inadequate to the ACO's needs or shown existing facilities are unwilling to contract with the ACO on reasonable financial, operational and clinical terms. Novant Health is eager and willing to contract with the ACO but has not been contacted.
- MCMH has not made a concrete commitment to a financial assistance policy for the proposed ASF. It is likely this is to preserve flexibility so it can sell interests to physicians at a better price.

Attachment 1

2018 SMFP Table 6A:

Operating Room Inventory

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilities)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	License	Facility	Inpatient ORs	Ambulatory ORs	Shared ORs	Excluded C-Section ORs	Excluded Trauma/Burn ORs	CON Adjustments	CONs for Excluded C-Section ORs	Total Surgical Hours for Grouping	Group	Standard Hours per OR per Year
Davidson	H0112	Novant Health Thomasville Medical Center	1	0	5	-1	0	0	0	4,790.4	4	1,500.0
Davidson Total			1	0	9	-1	0	0	0			
Davie	H0171	Davie Medical Center	0	0	2	0	0	1	0	2,450.1	4	1,500.0
Davie Total			0	0	2	0	0	1	0			
Duplin	H0166	Vidant Duplin Hospital	0	0	3	0	0	0	0	1,878.3	4	1,500.0
Duplin Total			0	0	3	0	0	0	0			
Durham	AS0041	James E. Davis Ambulatory Surgical Center	0	8	0	0	0	0	0	5,369.7	5	1,312.5
Durham	H0015	Duke University Hospital*	6	9	50	0	-1	0	0	127,452.4	1	1,950.0
Durham	H0233	Duke Regional Hospital	2	0	13	-2	0	0	0	20,805.2	3	1,755.0
Duke University Health System Total			8	17	63	-2	-1	0	0			
Durham	H0075	North Carolina Specialty Hospital	0	0	4	0	0	0	0	10,296.0	4	1,500.0
Durham Total			8	17	67	-2	-1	0	0			
Edgecombe	H0258	Vidant Edgecombe Hospital	1	0	5	-1	0	0	0	2,634.2	4	1,500.0
Edgecombe Total			1	0	5	-1	0	0	0			
Forsyth		Novant Health Clemmons Outpatient Surgery Center	0	0	0	0	0	2	0	-		
Forsyth		Novant Health Kernersville Outpatient Surgery	0	0	0	0	0	2	0	-	-	-
Forsyth	H0209	Novant Health Forsyth Medical Center	5	6	24	-2	0	-2	0	51,607.3	2	1,950.0
Forsyth	H0229	Novant Health Medical Park Hospital	0	0	12	0	0	-2	0	18,039.6	3	1,755.0
Novant Health Total			5	6	36	-2	0	0	0			
Forsyth		Clemmons Medical Park Ambulatory Surgical Center	0	0	0	0	0	0	0	-	-	-
Forsyth	AS0021	Plastic Surgery Center of North Carolina^	0	3	0	0	0	0	0	507.0	6	1,312.5
Forsyth	H0011	North Carolina Baptist Hospital*	4	0	36	0	-2	7	0	96,822.9	1	1,950.0
Wake Forest Baptist Health Total			4	3	36	0	-2	7	0			
Forsyth	AS0134	Piedmont Outpatient Surgery Center**	0	2	0	0	0	0	0	1,927.4	-	-
Forsyth Total			9	11	72	-2	-2	7	0			
Franklin		Same Day Surgery Center	0	0	0	0	0	2	0	-	-	-
Franklin	H0261	Franklin Medical Center (closed)	0	0	3	0	0	-1	0	-	-	-
Franklin Medical Center Total			0	0	3	0	0	1	0			
Franklin Total			0	0	3	0	0	1	0			
Gaston	AS0037	CaroMont Specialty Surgery	0	6	0	0	0	0	0	2,381.5	5	1,312.5
Gaston	H0105	CaroMont Regional Medical Center	5	8	9	-4	0	0	0	19,294.7	3	1,755.0
CaroMont Total			5	14	9	-4	0	0	0			
Gaston Total			5	14	9	-4	0	0	0			

Table 6A: Operating Room Inventory and Grouping (Combined Data for Hospitals and Ambulatory Surgical Facilities)

Case Data for 10/1/2015 through 9/30/2016 as reported on the 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications

A	B	C	D	E	F	G	H	I	J	K	L	M
Service Area	License	Facility	Inpatient ORs	Ambulatory ORs	Shared ORs	Excluded C-Section ORs	Excluded Trauma/Burn ORs	CON Adjustments	CONs for Excluded C-Section ORs	Total Surgical Hours for Grouping	Group	Standard Hours per OR per Year
Granville	H0098	Granville Health System	0	0	3	0	0	0	0	2,059.2	4	1,500.0
Granville Total			0	0	3	0	0	0	0			
Guilford	AS0047	High Point Surgery Center	0	6	0	0	0	0	0	4,211.0	6	1,312.5
Guilford	AS0152	Premier Surgery Center	0	2	0	0	0	0	0	-	-	-
Guilford	H0052	High Point Regional Health	3	0	8	-1	0	0	0	10,965.4	4	1,500.0
UNC Health Care Total			3	8	8	-1	0	0	0			
Guilford	AS0009	Greensboro Specialty Surgical Center	0	3	0	0	0	0	0	2,227.1	6	1,312.5
Guilford	AS0015	Carolina Birth Center (closed)	0	0	0	0	0	0	0	-	-	-
Guilford	AS0018	Surgical Center of Greensboro	0	13	0	0	0	0	0	20,036.2	5	1,312.5
Guilford	AS0033	Surgical Eye Center	0	4	0	0	0	0	0	949.0	5	1,312.5
Guilford	AS0063	Piedmont Surgical Center	0	2	0	0	0	0	0	963.6	6	1,312.5
Guilford	H0073	Kindred Hospital - Greensboro	0	0	1	0	0	0	0	284.2	4	1,500.0
Guilford	H0159	Cone Health	4	13	37	0	-1	-8	0	69,151.3	2	1,950.0
Guilford		Valleygate Dental Surgery Center of the Triad**	0	0	0	0	0	2	0	-	-	-
Guilford/Caswell Total			7	43	46	-1	-1	-6	0			
Halifax	H0230	Halifax Regional Medical Center	0	0	6	0	0	0	0	4,240.3	4	1,500.0
Halifax/Northampton Total			0	0	6	0	0	0	0			
Harnett	H0224	Betsy Johnson Hospital	0	0	7	0	0	0	0	4,013.7	4	1,500.0
Harnett Total			0	0	7	0	0	0	0			
Haywood	H0025	Haywood Regional Medical Center	0	0	7	0	0	0	0	6,652.0	4	1,500.0
Haywood Total			0	0	7	0	0	0	0			
Henderson	H0019	Park Ridge Health	1	0	6	-1	0	0	0	6,623.5	4	1,500.0
Henderson	H0161	Margaret R. Pardee Memorial Hospital	0	0	10	0	0	0	0	15,104.6	3	1,755.0
Henderson Total			1	0	16	-1	0	0	0			
Hertford	H0001	Vidant Roanoke-Chowan Hospital	1	0	5	-1	0	0	0	1,947.7	4	1,500.0
Hertford Total			1	0	5	-1	0	0	0			
Hoke	H0287	FirstHealth Moore Regional Hospital - Hoke Campus	0	0	1	0	0	1	0	222.8	4	1,500.0
Hoke	H0288	Cape Fear Valley Hoke Hospital	1	0	2	-1	0	0	0	725.0	4	1,500.0
Hoke Total			1	0	3	-1	0	1	0			
Iredell	H0248	Davis Regional Medical Center	1	0	5	-1	0	0	0	2,946.8	4	1,500.0
Iredell	H0259	Lake Norman Regional Medical Center	1	2	7	-1	0	0	0	9,810.0	4	1,500.0
Community Health Systems Total			2	2	12	-2	0	0	0			
Iredell	H0164	Iredell Memorial Hospital	1	0	10	-1	0	0	0	11,255.9	4	1,500.0

Attachment 2
2018 SMFP Table 6F:
Endoscopy Room Inventory

Table 6F: Endoscopy Room Inventory

(Case and Procedure Data for 10/01/2015 - 9/30/2016 as reported on 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications)

License Number	Facility Name	County	Endoscopy Rooms	Adjustments for CONs	Endoscopy Cases	Endoscopy Procedures
AS0071	Fayetteville Gastroenterology Associates	Cumberland	4	0	10,473	10,776
H0275	Highsmith-Rainey Specialty Hospital	Cumberland	3	0	0	0
		Cumberland Total	16	0	20,441	21,930
H0273	The Outer Banks Hospital	Dare	2	0	808	0
		Dare Total	2	0	808	0
AS0146	Digestive Health Specialists	Davidson	2	0	2,040	2,257
H0027	Lexington Medical Center	Davidson	2	0	1,233	1,490
H0112	Novant Health Thomasville Medical Center	Davidson	1	0	611	632
		Davidson Total	5	0	3,884	4,379
H0171	Davie Medical Center	Davie	1	0	0	0
AS0139	Digestive Health Specialists PA	Davie	1	0	1,486	1,682
		Davie Total	2	0	1,486	1,682
H0233	Duke Regional Hospital	Durham	4	0	5,153	6,354
H0015	Duke University Hospital	Durham	10	1	12,563	19,920
AS0085	Triangle Endoscopy Center	Durham	4	0	4,287	5,284
		Durham Total	18	1	22,003	31,558
H0258	Vidant Edgecombe Hospital	Edgecombe	2	0	3	0
AS0127	Vidant Endoscopy Center	Edgecombe	1	0	975	993
		Edgecombe Total	3	0	978	993
AS0144	Digestive Health Endoscopy Center of Kernersville	Forsyth	2	0	3,096	3,359
AS0099	Digestive Health Specialists, P.A.	Forsyth	2	0	5,846	6,387
AS0074	Gastroenterology Associates of the Piedmont	Forsyth	4	0	10,116	12,380
AS0044	Gastroenterology Associates of the Piedmont	Forsyth	4	0	5,097	6,364
H0011	North Carolina Baptist Hospital	Forsyth	10	0	11,887	21,429
H0209	Novant Health Forsyth Medical Center	Forsyth	4	0	4,205	5,028
AS0125	Wake Forest Baptist Health Outpatient Endoscopy	Forsyth	2	0	1,994	2,263

Table 6F: Endoscopy Room Inventory

(Case and Procedure Data for 10/01/2015 - 9/30/2016 as reported on 2017 Hospital and Ambulatory Surgical Facility License Renewal Applications)

License Number	Facility Name	County	Endoscopy Rooms	Adjustments for CONs	Endoscopy Cases	Endoscopy Procedures
		Forsyth Total	28	0	42,241	57,210
H0261	Franklin Medical Center (closed)	Franklin	1	0	0	0
		Franklin Total	1	0	0	0
AS0135	CaroMont Endoscopy Center	Gaston	2	0	432	486
H0105	CaroMont Regional Medical Center	Gaston	6	0	4,344	5,749
AS0151	Greater Gaston Endoscopy Center	Gaston	2	0	4,594	6,009
		Gaston Total	10	0	9,370	12,244
H0098	Granville Health System	Granville	1	0	696	930
		Granville Total	1	0	696	930
AS0076	Bethany Medical Endoscopy Center	Guilford	2	0	2,107	0
H0159	Cone Health	Guilford	8	-1	4,476	5,103
AS0075	Eagle Endoscopy Center	Guilford	4	0	5,491	6,045
AS0009	Greensboro Specialty Surgical Center	Guilford	2	0	910	1,133
AS0113	Guilford Endoscopy Center	Guilford	2	0	2,647	3,956
AS0059	High Point Endoscopy Center	Guilford	3	0	5,712	7,806
H0052	High Point Regional Health	Guilford	2	0	1,564	1,951
AS0052	LeBauer Endoscopy Center	Guilford	3	1	6,673	7,218
		Guilford Total	26	0	29,580	33,212
AS0141	Halifax Gastroenterology	Halifax	2	0	1,772	1,782
H0230	Halifax Regional Medical Center	Halifax	1	0	496	567
		Halifax Total	3	0	2,268	2,349
H0224	Betsy Johnson Hospital	Harnett	2	0	0	0
		Harnett Total	2	0	0	0
H0025	Haywood Regional Medical Center	Haywood	3	0	2,447	3,248
		Haywood Total	3	0	2,447	3,248
AS0106	Carolina Mountain Gastroenterology Endoscopy Center	Henderson	2	0	5,609	6,324

Attachment 3
Certificate of Need: Gastroenterology
Associates of Piedmont, PA

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

Project ID #: G-11442-17

FID #: 170526

**ISSUED TO: Gastroenterology Associates of the Piedmont, PA
1830 S. Hawthorne Road
Winston-Salem, NC 27103**

Pursuant to N.C. Gen. Stat. §131E-175, the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. §131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. §131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. §131E-189 for any of the reasons provided in that law.

SCOPE: Relocate two existing GI endoscopy procedure rooms from Piedmont Endoscopy Center in Winston-Salem to a new ambulatory surgical facility with two GI endoscopy procedure rooms in Kernersville/ Forsyth County

CONDITIONS: See Reverse Side

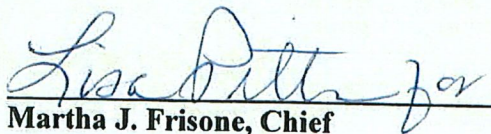
**PHYSICAL LOCATION: Kernersville Endoscopy Center
861 Old Winston Rd.
Kernersville, NC 27284**

MAXIMUM CAPITAL EXPENDITURE: \$710,371

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: July 31, 2018

This certificate is effective as of the 3rd day of April, 2018



Martha J. Frisone, Chief

CONDITIONS:

1. Gastroenterology Associates of the Piedmont, PA shall materially comply with all representations made in the certificate of need application.
2. Gastroenterology Associates of the Piedmont, PA shall relocate no more than two licensed gastrointestinal endoscopy procedure rooms from Piedmont Endoscopy Center to Kernersville Endoscopy Center.
3. Upon completion of the project, Gastroenterology Associates of the Piedmont, PA shall be licensed for no more than two gastrointestinal endoscopy procedure rooms at Piedmont Endoscopy Center, and no more than two gastrointestinal endoscopy procedure rooms at Kernersville Endoscopy Center.
4. Gastroenterology Associates of the Piedmont, PA shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and that would otherwise require a certificate of need.
5. The procedure rooms shall not be used for procedures that should be performed only in an operating room based on current standards of practice.
6. Procedures performed in the procedure rooms shall not be reported for billing purposes as having been performed in an operating room and shall not be reported on the facility's license renewal application as procedures performed in an operating room.
7. Gastroenterology Associates of the Piedmont, PA shall receive accreditation from the Joint Commission for the Accreditation of Healthcare Organizations, the Accreditation Association for Ambulatory Health Care or a comparable accreditation authority within two years following licensure of the facility.
8. For the first three years of operation following completion of the project, Gastroenterology Associates of the Piedmont, PA shall not increase charges more than 5% of the charges projected in Section X of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.
9. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Gastroenterology Associates of the Piedmont, PA shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
10. Gastroenterology Associates of the Piedmont, PA shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on March 26, 2018.

TIMETABLE:

1.	Drawings Completed _____	December 17, 2017
2.	Construction/Renovation Contract(s) Executed _____	January 15, 2018
3.	25% of Construction/Renovation Completed (25% of the cost is in place) _____	February 1, 2018
4.	50% of Construction/Renovation Completed _____	February 15, 2018
5.	75% of Construction/Renovation Completed _____	March 1, 2018
6.	Construction/Renovation Completed _____	March 31, 2018
7.	Equipment Ordered _____	February 15, 2018
8.	Equipment Installed _____	March 15, 2018
9.	Equipment Operational _____	March 31, 2018
10.	Building/Space Occupied _____	April 1, 2018
11.	Licensure Obtained _____	July 5, 2018
12.	Services Offered _____	July 5, 2018
13.	Medicare and/or Medicaid Certification Obtained _____	January 5, 2019
14.	Facility or Service Accredited _____	July 5, 2019
15.	Final Annual Report Due _____	August 1, 2019