

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: March 7, 2013

PROJECT ANALYST: Jane Rhoe-Jones

TEAM LEADER: Craig R. Smith

PROJECT I.D. NUMBER: L-10065-12 / Wilson Medical Center / Renovate women's and children's unit and delicense 21 acute care beds for a total of 250 acute care beds upon project completion / Wilson County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

Wilson Medical Center (WMC) is a 271-bed acute care hospital located at 1705 Tarboro Street, SW in Wilson, North Carolina. The current bed complement of 271 beds consists of 201 medical/surgical beds, 26 medical/surgical beds, and 44 beds in the women's and children's unit (includes three neonatal Level II beds). WMC proposes to renovate the inpatient units for women, infants and children on the second floor of the hospital. This project entails WMC delicensing 21 of the 44 bed acute care beds in the women's and children's unit and reducing the number of labor and delivery rooms (LDR) from seven to six. WMC has provided inpatient services for women, infants and children since it began offering services almost 50 years ago. The proposed post project bed complement will consist of 250 beds.

The applicant does not propose to increase the number of licensed beds in any category, add services, or acquire equipment for which there is a need determination in the 2012 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to the proposal. However, there is one policy in the 2012 SMFP applicable to the review of the application:

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

Policy GEN-4 states:

“Any person proposing a capital expenditure greater than \$2 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, the Certificate of Need Section 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 for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

Regarding Policy GEN-4, in Section III.2, page 62, the applicant states:

“The proposed project will be developed in such a manner as to improve energy efficiency and water conservation. In particular, the proposed project will incorporate any possible energy savings features as well as other appropriate utility improvements. Exhibit 11 includes WMC’s written statement, describing the project’s plan to assure improved plumbing, electrical and mechanical operations in accordance with Policy Gen-4 requirements. These statements are applicable to the project’s ability to maintain efficient energy operations and contain costs of utilities.”

See also Section XI.7, pages 117-120 and Exhibit 11, pages 248-249, for additional information regarding the proposed improvements in WMC’s energy efficiency systems.

The applicant adequately describes the project’s plan to assure improved energy efficiency and water conservation. Thus, the application is conforming to Policy GEN-4 in the 2012 SMFP. Therefore, the application is conforming to this criterion.

- (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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, Wilson Medical Center proposes to renovate 2E, the Women's and Children's Unit, which consists of Gynecology (7 beds), Obstetrics (14 beds), Labor and Delivery (5 beds), Pediatrics (9 beds), non-designated (6 beds), and Neonatal Level II (3 beds); a total of 44 acute care licensed beds.

Population to be Served

In Section III.4, page 64, the applicant provides the current facility patient origin and the patient origin for the women's and children's unit (2E); as well as the patient origin for the nursery and Level II neonatal services. The patient origin for the women's and children's unit; as well as the patient origin for the nursery and Level II neonatal services is illustrated in the following tables. The overwhelming percentage of WMC patients are from Wilson County. Nash County makes up approximately 10% of the patients, while approximately 14% of the patients originate from Johnston, Wayne, other counties and states. The applicant states in II.5(a), page 65, that no changes in patient origin are anticipated as a result of the proposed project.

Wilson Medical Center Patient Origin Percent of Total Women and Children	
County	% Patients
Wilson	75.1%
Nash	10.1%
Johnston	5.7%
Wayne	5.1%
Other*	4.0%
Total	100.0%

*Beaufort, Buncombe, Carteret, Dare, Duplin, Durham, Edgecombe, Franklin, Granville, Greene, Halifax, Lenoir, Lincoln, Martin, Mecklenburg, Northhampton, Onslow, Pasquotank, Pender, Pitt, Transylvania, Union, Vance, Wake & other states.

Wilson Medical Center Patient Origin Percent of Total Nursery and Neonatal Level II
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County	% Patients
Wilson	75.1%
Nash	10.1%
Johnston	6.2%
Wayne	4.8%
Other*	3.9%
Total	100.0%

*Durham, Edgecombe, Greene, Halifax, Lenoir, Martin, New Hanover, Pitt, Transylvania, Wake & other states.

The applicant adequately identified the population proposed to be served.

Need for the Proposed Renovations

In Section III.1, pages 29-43, the applicant describes why the renovation of the women's and infant's units is needed. WMC commissioned a leadership study in 2012 to ascertain the community's perception about this need. The study involved Wilson County residents, including community leaders. In summary, the renovated space will:

- Meet current codes for regulatory compliance
- Enhance patient care and operational logistics
- Be configured to protect the safety of newborns
- Be aesthetically and physically pleasing for patients, families, visitors and staff
- Enlarge space to accommodate clinical equipment and the patient's family
- Enhance physician recruitment
- Support the primary care nursing delivery model
- Provide space for an automated medical management system
- Support electronic medical records and other technology

In Section II, page14-15, the applicant discusses the long-range plans for the physical plant, and states:

“WMC’s long-term vision includes an upgrade and modernization of its entire facility, and the medical center’s leadership will continue to evaluate over the coming years the most appropriate means of achieving that vision. Over the next two to three years, WMC expects the impacts of healthcare reform and other market and economic forces to be clearer, which will certainly impact it decisions regarding future capital projects. If the approach proposed in this application – renovating the existing facility one unit and one project at a time – continues to represent the most effective strategy, WMC will initiate additional renovation projects following completion of the women’s and children’s renovation, most likely beginning with the renovation of 2 West (2W) and 3 West (3W).”

This project will be undertaken in three phases as described by the applicant in Section II, pages 17-18:

1. *Phase 1 – LDR, C-Section, Nursery Renovation: ... renovating space in the labor and delivery area primarily occupied by seven Labor/Delivery/Recovery (LDR) rooms. This phase will be done in five steps to ensure patient safety and preserve WMC’s ability to continue to utilize portions of the space for deliveries. During this same Phase 1 renovation period, WMC will also be renovating the C-Section Room, the space to be occupied by the nurseries and support space for these two functions.”* (Exhibit 3 contains Phase 1 drawings.)
2. *Phase 2 Renovation: ... create ten postpartum rooms located immediately adjacent to the nurseries and LDRs.* (Exhibits 2 and 3 contain Phase 2 drawings.)
3. *Phase 3 Renovation: ... create the final five postpartum rooms, three pediatric rooms and two gynecology rooms.”* (Exhibit 4 contains Phase 3 drawings.)

In, Section II, page 15, the applicant states:

“The purpose of the project is to increase the size of patient rooms, improve the flow of nursing support space for these inpatient services, and to improve the overall ambience of the unit.”

In Section II, pages 23-24, the applicant further describes the project, current deficiencies and anticipated benefits:

“As the only hospital in Wilson County, any acute care services in the primary service area are inherently related to and provided by WMC. While WMC’s project does not propose any new services, the project will dramatically change the environment for women’s and children’s services. WMC proposes much-needed improvements to patient rooms; reconfiguration of patient and staff flow on the unit; as well as a more aesthetically pleasing environment for patients, visitors and staff.

WMC expects the proposed project will improve the way care is delivered on the women’s and children’s unit. ... the existing C-section room does not meet current standards; the project will remedy those deficiencies and bring the room up to standard. Existing LDRs are 250 square feet in size but should be 350 square feet. The proposed project will create larger LDRs required. The LDRs do not have a triage room at present and use one of the LDRs for that purpose. The project will create a triage/observation room specifically for that purpose.

Currently, there are safety issues on the unit in that the doors cannot be locked with the HUGS infant security system because the building is not sprinkled, per CMS regulations. WMC proposes to install a security system ... in specific areas of the unit, including the LDRs and the nurseries.

At present, some of the patient rooms are so small that furniture must be removed from the room when the patient is brought in on a stretcher. ... If a patient codes, only a limited number of staff can get in the room to assist. The other code responders must remain outside the room unless needed but must swap off with a responder in the room. When patients using special bariatric beds are brought into

the room, the doors must be removed from the door frame to create access space for the bed to be brought into the room.

Similarly, there is a patient safety issue with small toilet rooms. A patient and nurse cannot both fit in the toilet rooms because they are too small (28 inches from the toilet to the door). As a result, the nurse must stand in the doorway to assist the patient, which totally eliminates all privacy for that patient. ...

At present, the nurses' station for the LDRs is located at one end of the hallway which makes it inaccessible to LDRs 4 and 5. The proposed plan will relocate the nurses' station, making it accessible for all six of the LDRs. Likewise, some of the pediatric rooms are located at the far end of the hallway from the nurses' station. The proposed project will situate the three pediatric rooms across a corridor from the nurses' station.

When a baby is delivered in one of the LDRs or the C-Section room, the infant must be carried a great distance down the hallway, past patient rooms, the public corridor adjacent to the public elevators, past the post-partum nurses' station and staff lounge to reach the nurseries. When an infant is critically ill, this process exposes the baby to areas that may negatively impact his or her fragile status. The proposed project will eliminate any exposure to the public areas for critical infants and will allow the babies to remain in the more sterile areas adjacent to the C-Section room and the LDRs with the relocation of the newborn nursery and Level II nursery. ..."

The project will not result in any increase in the number of obstetrical or neonatal beds. The project will in fact, delicense 21 beds as shown in the below table.

Wilson Medical Center Acute Bed Complement			
2E Women's & Children's Unit		Proposed Project	Net Change
2E Licensed Beds by Type	Current # Beds	#Beds- Renovated Unit	#Beds (+/-)
Gynecology	7	2	-5
Obstetrical	14	15	+1

Pediatric	9	3	-6
Non-designated	6	0	-6
Neonatal Level II	3	3	0
TOTAL Licensed Patient Beds	39	23	-16
LDRs Counted as Licensed Beds	5	0	-5
TOTAL 2E LICENSED BEDS	44	23	-21
Other Hospital Licensed Beds (not involved in proposed project)			
Medical/Surgical ICU	26	26	0
Medical/Surgical	201	201	0
TOTAL (Non Project)			
ACUTE BEDS	227	227	0
TOTAL EXISTING			
ACUTE BEDS (project & non-project)	271	250	-21
TOTAL LICENSED BEDS POST PROJECT		250	-21

For the past three years, the occupancy rate for the entire hospital (271 acute care beds) has averaged in the mid 30 percent. The applicant states in Section III.1(a), page 29 that WMC was negatively impacted by the severe down-turn of financial markets to the extent that the formerly approved bed tower project has been put on hold. The applicant also states in Section III.8(a), pages 71 and 72, that WMC is not fully utilizing its current 271-bed complement. The hospital plans to continue to evaluate its licensed bed need as it continues to update and “right-size” the physical plant.

In Exhibit IV.1, pages 73-75, the applicant provides current and projected utilization from 2011 to 2018 for the women’s and children’s unit. Data for fiscal years 2012-2018 shows that WMC averages three births per day. The overall average length of stay (ALOS) for the women’s unit is 1.8 days. The table below shows current and projected utilization in the 2E Unit at WMC.

Wilson Medical Center 2E Current and Projected Utilization							
	2012	2013	2014	2015	2016 1 st Full FY	2017 2 nd Full FY	2018 3 rd Full FY
Women’s & Children’s Acute							

# Beds	41	41	41	41	20	20	20
#Admissions	1,638	1,675	1,713	1,752	1,791	1,832	1,873
# Pt Days*	2,879	2,944	3,011	3,079	*3,148	*3,220	*3,292
ALOS	1.8	1.8	1.7	1.8	1.8	1.8	1.8
# Transitional Pt. Days*	NA	NA	NA	NA	*1,026	*1,233	*1,444
# Total Days*	NA	NA	NA	NA	*4,174	*4,453	*4,737
Neonatal Level II							
# Beds	3	3	3	3	3	3	3
#Admissions	64	66	67	69	70	72	74
# Pt Days	214	219	224	229	234	239	245
L&D							
# Births	1,036	1,059	1,083	1,108	1,133	1,159	1,185
# C-Section Rooms	1	1	1	1	1	1	1
# C-Sections	274	280	286	293	299	306	313
# OB Triage Rooms	0	0	0	0	1	1	1
# OB Triage Pts.	931	952	974	996	1,018	1,041	1,065

NA= Not Applicable; Pt = Patient; ALOS = Average Length of Stay; L&D = Labor & Delivery; OB = Obstetrics; C-Section = Cesarean-Section.
 * See Section III.1.b for assumptions & methodology to project patient days; including transitional days.

In Section III.b, pages 44-60, the applicant provides the assumptions and methodology used to calculate projected utilization for FY 2013 through FY 2018; as summarized below:

Basic tenets of the applicant’s assumptions to renovate Women’s and Children’s Beds:

- Twenty women’s and children’s acute care beds (41 current beds minus 21 acute beds to be delicensed)
- Twenty-four Level I bassinets
- Three Level II neonatal beds
- One C-Section room
- Six LDRs (delete one LDR; LDRs are not licensed as beds)
- One OB triage room
- First of several planned renovation projects to modernize, right-size and re-configure space for increased patient safety, clinical quality and patient, visitor and staff satisfaction.
- De-license 21 acute care beds for more effective bed and space utilization

Basic tenets of the applicant’s methodology to renovate Women’s and Children’s Beds:

- Analyze market utilization to project future growth. Decrease in patient volume during the last four years does not indicate a permanent trend; but was due to the economy. WMC believes that women’s and children’s discharges will increase 0.9 percent annually, which is equal to the 2012-2018 projected population growth rates for Wilson County per the North Carolina Office of State Budget and Management (NC OSBM).

- Determine historical and projected utilization for 2E. WMC believes that this project will result in market share gains for the women's and children's unit. Since WMC is delicensing 21 acute care beds, future utilization is based on 20 beds versus 41. Occupancy is expected to grow from 19% in 2012 to 45% in 2018, the third project year.
- Determine the impact of transitional patients on 2E utilization. WMC, as outlined in the master facility plan will continue to improve its physical plant over the new few years. In doing so, 2E will also house transitional patients while renovations take place in other hospital units.

WMC plans to relocate the existing 24 Level I bassinets and three Level II neonatal beds. Basic tenets of the applicant's assumptions and methodology to renovate **Level I Bassinets and Level II Neonatal Beds:**

- WMC has 15 dedicated post-partum beds. The women's and children's unit is designed and staffed for a greater number of beds (20) to be used for obstetrics during peak times.
- Many hospitals have more bassinets (24) than obstetrics beds (20) so that every mother will have one and there are additional bassinets available for multiple births.
- WMC is projecting a 2.3% annual growth rate for Level II neonatal admissions as neonatal admissions have increased since 2009. Occupancy is expected to grow from 21.4% in the first project year to 22.3% in the third project year.

Basic tenets of the applicant's assumptions and methodology to renovate **Labor and Delivery, C-Section and Triage Rooms:**

- WMC projects future births to also have an annual growth rate of 2.3% as previously indicated for women's and children's admissions.
- WMC projects the current C-Section rate of 26% will remain unchanged through the project period. Total births will increase from 1,133 in the first project year to 1,185 by the third project year.
- WMC currently has seven LDRs and will operate six following project completion. One LDR will become a recovery room for C-Section patients when not being used for labor and delivery.
- Triage patients are projected to grow from 1,018 in the first project year to 1,065 in the third year of the project.

In summary, WMC projects utilization based on historical trends of 2.3% annual growth rate and an improving economy. WMC proposes to:

- Operate 20 existing women's and children's acute care beds on 2E to provide services for 1,873 admissions and 3,292 patient days at 45% occupancy by the third project year.
- Use beds on 2E for transitional patients from other units being renovated.
- Operate 24 existing Level I bassinets.
- Operate three existing Level II neonatal beds to provide care for 74 admissions and 245 patient days by the third project year.
- Operate six unlicensed labor and delivery rooms.

- Operate one existing C-Section room to accommodate 313 C-Sections by the third project year.
- Operate one new obstetrics triage room to accommodate 1,065 triage patients by the third project year.

WMC states that it does not anticipate a change in payor mix as a result of this project. See Criterion (3) and Criterion (13) for additional discussion which is incorporated hereby as if set forth fully herein. Projected utilization is based on reasonable and supported assumptions. The applicant adequately demonstrates the need to renovate Unit 2E - the Women's and Children's Unit, as well as to delicense 21 acute care beds at WMH. Therefore, the application is conforming to this criterion.

- (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, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

In Section III.1(b), pages 44-48, the applicant discusses continuing to meet the needs of patients given the lowered occupancy rates and after reducing the bed capacity at WMC. The lowered occupancy rates indicate that women's and children's acute care beds and services will still be an adequate resource for the populations to be served.

In Section III.8(a), page 72, the applicant states:

“WMC is currently unable to fully utilize its 271 acute care beds and the reduction in beds will create additional space on 2E for the expansion of patient room space. ... Furthermore, as demonstrated in Section III.1.(b), WMC will retain a sufficient number of LDRs and women's and children's services beds to accommodate projected need. As noted in Section II.1, WMC proposes a change in the distribution of its women's and children's beds with this proposed project. ... The proposed project will enhance access to services by locating acute care beds in extensively renovated space, which will enhance the quality of services already offered by WMC.”

In Section III.2, pages 49-50, the WMC provides historical and projected utilization for 2E. The occupancy for the 2E Unit has been less than 50% during the past four years (2009-2012), with an average daily census of 8.9. By the third project year (2018), the applicant projects an average daily census of nine and to increase each year thereafter, because the number of beds will be about one-half as many. Occupancy is projected to increase above the 50% level and the average daily census projected at 10 within five years of the projection completion. Thus, the reduction in beds from 41 to 20 will not adversely affect access to obstetrical services in Wilson County.

In Section III, pages 49-50, the applicant discusses assumptions and methodology related to the need for this project and states:

“... WMC believes its recent utilization declines have been as a result of broader economic declines which are unlikely to continue in future years. Moreover, WMC believes that the proposed renovation project will result in gains in market share ... which will result in a 2.3 percent annual growth rate in WMC’s women’s and children’s admissions. The following table demonstrates projected 2E utilization through 2025, the tenth year of operation after project completion, based on growth rate assumption. Please note this is inclusive of women’s and children’s patients and does not account for transitional patients to be housed on this unit. ... WMC has assumed that its current average length of stay of 1.76 days will remain unchanged through the project period. Also, please note that the project will result in the delicensing of 21 beds and, as a result, occupancy for 2016 and thereafter is calculated based on the remaining 20 beds.”

Wilson Medical Center 2 E Utilization					
FFY	Admissions	Days	ADC	Beds*	Occupancy
2009	1,894	3,694	10.1	41	24.7%
2010	1,767	3,483	9.5	41	23.3%
2011	1,637	2,957	8.1	41	19.8%
**2012	1,638	2,879	7.9	41	19.2%
2013	1,675	2,944	8.1	41	19.7%
2014	1,713	3,011	8.2	41	20.1%
2015	1,752	3,079	8.4	41	20.6%
2016 (PY1)	1,791	3,148	8.6	20	43.1%
2017 (PY2)	1,832	3,220	8.8	20	44.1%
2018 (PY3)	1,873	3,292	9.0	20	45.1%
2019	1,916	3,367	9.2	20	46.1%
2020	1,959	3,443	9.4	20	47.2%
2021	2,003	3,521	9.6	20	48.2%
2022	2,049	3,601	9.9	20	49.3%
2023	2,095	3,682	10.1	20	50.4%
2024	2,142	3,765	10.3	20	51.6%
2025	2,191	3,850	10.5	20	52.7%
CAGR	2.3%	2.3%	2.3%		8.6%

Source: WMC Internal Data. PY = Project Year; ADC = Average Daily Census. *Total 2E licensed beds minus neonatal Level II beds (41=44-3). ** 2012 is based on 11 months annualized data.

In Section III, page 50, the applicant further states:

“As shown above, occupancy rates on 2E, excluding any transitional patients, are projected to grow from 19.2 percent in 2012 to 45.1 percent in the third project year due to increased utilization and a reduction in bed capacity. WMC believes this is a reasonable approach to the renovation of the unit. The specialized nature of the unit, as well as the strong seasonality of obstetrics services supports the need for lower than target occupancy. Moreover, the unit will provide needed flexibility as WMC

moves forward with future renovation plans which will require downtime on other units ...”

As indicated below, the applicant also discusses that the reduction of beds will not have a negative impact on the patients served in terms of any changes in services, costs to the patient or level of access by medically underserved populations. For the past three years, the occupancy rate for the entire hospital (271 acute care beds) has averaged in the mid 30 percent. Therefore, there is capacity at WMC for access by medically underserved populations. See additional discussion in Criterion (13) which is incorporated hereby as if set forth fully herein.

“As demonstrated by the tables in Section VI.12., X.1. and X.2., the proposed project will not result in a reduction of services offered to the medically underserved. WMC does not anticipate that its payor mix will change, given that the hospital is more appropriately sizing the women’s and children’s unit to meet the needs of the population. In addition, charges and costs are not expected to change beyond standard inflation rates.”

The applicant adequately demonstrates that in delicensing 21 acute care beds that the needs of the population presently served will be adequately met; and will not have a negative effect on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care. Therefore, the application is conforming to this criterion.

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

C

In Section III.3, page 63, the applicant discusses the alternatives to the proposed project that were considered prior to submission of this application and the basis for selection of the proposed project.

- The first alternative the applicant considers is maintaining the status quo. However, this alternative is not deemed to be an effective alternative because of the age of the existing hospital physical plant and the inadequate size of the majority of the patient rooms. WMC also recognizes that it was hampered in meeting the needs of women and children in the present configuration of the department, and in providing the highest level of patient care is vitally important for the hospital’s constituents.
- The second alternative, which is to renovate the existing 2E Women’s and Children’s Unit, is deemed to be the most effective alternative. WMC sees this renovation as the opportunity enhance patient care and to improve safety, efficiency and the aesthetics of 2E for patients, visitors and staff.

Furthermore, the application is conforming to all other applicable statutory criteria and thus, is approvable. There are no regulatory review criteria applicable to this review. An application that cannot be approved cannot be an effective alternative.

The applicant adequately demonstrates that the proposal is its least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

- 1. Wilson Medical Center shall materially comply with all representations made in its certificate of need application and in any supplemental information requested by the Certificate of Need Section.**
 - 2. Wilson Medical Center shall de-license 21 acute care beds for a total bed complement of 250 acute care beds.**
 - 3. Wilson Medical Center shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicants' representations in the written statement as described in paragraph one of Policy GEN-4.**
 - 4. Wilson Medical Center 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 which would otherwise require a certificate of need.**
 - 5. Wilson Medical Center shall acknowledge acceptance of and agree to comply with all conditions stated herein in writing to the Certificate of Need Section prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII, page 104, the applicant states that the total capital costs of the project is \$12,036,873, including the following:

- \$8,440,425 - construction contract
- \$1,888,100 - fixed/movable equipment and furniture
- \$616,011 - architect/engineering fees
- \$1,092,337 - contingency

In Exhibit 15 the applicant provides an itemized list of all equipment and furniture included in the proposed project. In Section IX, page 108, the applicant states that this application does not propose a new service, and no start-up expenses are projected. In Section VIII.3, page 104, the applicant states that 100% of the capital costs will be funded with accumulated reserves of

WMC. Exhibit 16 contains a November 15, 2012 letter from the Chief Financial Officer which states in part:

“WMC will fund the capital costs of the project, estimated to be \$12,036,873 with hospital reserves. As shown on page 8 of the FY 2011 audited financials included with the application, WMC has sufficient cash and noncurrent cash and investments to provide the required capital costs of the proposed project.”

Exhibit 17 contains the audited financial statements (which are reported in thousands) for Wilson Medical Center. As of September 30, 2011, WMC reported \$207,691,000 in total current assets; including \$26,931,000 in cash and cash equivalents. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the proposed project.

The table below summarizes Net Income (total revenue – total expenses) for the entire WMC facility (on page 125 of the Financials) and then each of the service components in the proposed project for the first three full project years – Women’s and Children’s acute beds (page 126 of the Financials) and Nursery and Level II Neonatal (on page 129 of the Financials).

Wilson Medical Center			
Net Revenue, Expenses and Net Income Summary			
	Project Year 1 10/01/15 to 9/30/16	Project Year 2 10/01/16 to 9/30/17	Project Year 3 10/01/17 to 9/30/18
WMC			
Net Revenue	\$162,542,000	\$168,867,000	\$175,439,000
Expenses	\$159,351,000	\$165,377,000	\$171,634,000
Net Income	\$3,191,000	\$3,490,000	\$3,805,000
Women’s and Children’s Acute Care Beds			
Net Revenue	\$6,603,190	\$6,955,108	\$7,325,781
Expenses	\$5,618,756	\$5,806,546	\$6,001,809
Net Income	\$984,434	\$1,148,562	\$1,323,972
Nursery and Level II Neonatal			
Net Revenue	\$800,630	\$843,300	\$888,244
Expenses	\$1,801,394	\$1,861,330	\$1,923,444
Net Income	-\$1,000,764	-\$1,018,030	-\$1,035,201

In Form B, page 125 - the projected revenue and expense statement, the applicant projects that revenues for the entire hospital will exceed total operating expenses for the entire hospital in each of the first three years of the project.

In Form C, page 126 - the projected revenue and expense statement for WMC Women’s and Children’s Acute Care Beds (Unit 2E), the applicant projects that revenues will exceed total operating expenses for the service component in each of the first three years of the project.

In Form C, page 129 - the projected revenue and expense statement for Nursery and Level II Neonatal (Unit 2E), the applicant projects that total operating expenses will exceed revenues

for the service component in each of the first three years of the project. Thereby, WMC will experience a negative net income for the Nursery and Level II Neonatal service component in the first three years of the project. However, the overall medical center will experience net income gains over the first three years of the project. The ProForma assumptions are included on pages 132-134.

In Form D, pages 127 and 130, the applicant provides projected average charges for the service components - Women's and Children's acute beds and Nursery and Level II Neonatal, respectively for the first three project years.

In summary, the applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Therefore, the application is conforming to this criterion.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant considers Wilson County only as its primary service area. Wilson Medical Center is the only hospital in Wilson County and is the only provider of acute care services and obstetrical services in its primary service area. The secondary service area is comprised of portions of counties with one hospital each – Nash General Hospital in Nash County, Johnston Memorial Hospital in Johnston County and Wayne Memorial Hospital in Wayne County. Johnston Memorial Hospital, Nash General Hospital and Wayne Memorial Hospital each are approximately 30 minutes from Wilson Medical Center. These hospitals are comparable to Wilson Medical Center in the services offered. The following table shows the average number of births for each hospital over a three years period with all hospitals averaging over 1000 births per year.

Wilson Medical Center Primary and Secondary Service Area Average Number of Births* 2008-2011	
Hospital/County	Average # Births 2008-2011
Johnston Memorial/Johnston	1,317
Nash General/Nash	1,251
Wayne Memorial/Wayne	1,440
Wilson Medical Center/ Wilson	1,088

Source: Hospital License Renewal Applications, October 2008 – September 2011. *Includes Stillbirths.

Adjacent to and east of Wilson County is Pitt County. In Pitt County is Greenville, the location of Vidant Medical Center-Greenville – a tertiary care referral center. The following chart shows the average number of Wilson County newborn, neonatal, general birth and C-section discharges from Vidant Medical Center-Greenville during 2008-2011 (the same time period as depicted in the above chart). Vidant Medical Center-Greenville is a referral center for high risk maternal and child health services.

Wilson County Discharges Vidant Medical Center-Greenville Obstetrics and Births FY 2008-2011						
Service	Beds	2009	2010	2011	2012	Total
Newborn (Neonatal)	*66	35	57	62	61	215
Newborn (Normal)	42	82	85	65	66	298
Obstetrics (M)	52	91	96	71	80	338
Obstetrics (S)	**	42	45	45	42	174
Total		250	283	243	249	1025

Source: Vidant Medical Center Internal Data. M=Medicine (mostly vaginal deliveries); S=Surgery (mostly C-sections). *Levels II, III and IV. **Included in Obstetrics M.

The chart below shows the 2012 occupancy for obstetrics and births at Vidant Medical Center-Greenville. The occupancy rate is 114% for Level IV Neonates (the sickest babies); and with the exception of the 41% occupancy rate for Level III Neonatal beds, the occupancy rate is over 50% for each service at this tertiary referral center for high risk maternal and infant care.

Vidant Medical Center-Greenville 2012 Occupancy Obstetrics and Births			
Service	Beds	Days of Care	Occupancy
Level IV Neonatal	26	10,902	115%
Level III Neonatal	24	3,715	42.4%
Level II Neonatal	16	5,361	92.0%
Level I Normal Newborn	42	NA	NA
Obstetrics (M and S)	52	12,576	66.3%

Source: 2012 Hospital License Renewal Applications. NA = not available. M=Medicine (mostly vaginal deliveries); S=Surgery (mostly C-sections).

Wilson Medical Center proposes to renovate the approximately 50 year old Women’s and Children’s unit to improve patient care delivery, efficiency, effectiveness and safety at Wilson Medical Center. The applicant states throughout the application that existing location of women’s and children’s services are operating in space too small, outdated and ill configured deliver the quality of care required or desired. The applicant does not anticipate any change in projected patient origin from what has historically been seen at the facility. Wilson Medical Center adequately demonstrates that it is more cost effective to renovate existing space to continue to provide women’s and children’s services in order to meet the needs of patients, their families and staff. No new services will be offered. The applicant does not propose to increase the number of licensed beds. In fact, WMC is proposing to delicense 21 beds to more effectively accommodate its women’s and children’s services.

The applicant provides the historical utilization in Section IV, page 73. The table below shows WMC’s 2E utilization for the full two years prior to the submission of the application.

Wilson Medical Center – 2E Historical Utilization		
	Prior Full FY 10/1/10 – 9/30/11	Last Full FY 10/1/11 – 9/30/12
Women’s and Children’s Acute Care Beds (2E)		
#Beds	41	41
#Admissions	1,637	1,638
#Patients Days	2,957	2,879
Average Length of Stay	1.8	1.8
Neonatal Level II Beds		
#Beds	3	3
#Admissions	57	64
#Patients Days	212	214
Average Length of Stay	3.7	3.3
Labor and Delivery		
#Births	1,007	1,036
#Caesarean Section Rooms	1	1
#Caesarean Sections	220	274
#Obstetrics Triage Patients	994	931

The applicant adequately demonstrates the need to renovate and expand existing space on the 2E unit. Projected utilization is based on reasonable, credible, and supported assumptions. A description of the methodology and assumptions that WMC uses to project utilization is provided in Section III.b, pages 44-60. A summary can be found in response to Criterion (3) of the findings regarding projected utilization and is incorporated as if fully set forth herein. The applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved health service capabilities or facilities, and therefore the application is conforming to this criterion.

- (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

In Section VII.3 and VII.5, page 98, the applicant states the following in regard to staffing requirements of the proposed project:

“No new positions will or incremental FTEs will result from the proposed project. ... WMC’s women’s and children’s department will be operational 24 hours per day, seven days per week. All personnel required to provide services are accounted for in Table VII.1.(b).”

In Section VII.8, page 100, the applicant identifies the Chief of Staff at Wilson Medical Center. Section V, page 81, contains a letter of support from the Chief of Staff and other physicians in her medical practice. The applicant demonstrates the availability of adequate health manpower and management personnel for the provision of the proposed services. Therefore, the application is conforming to this criterion.

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

C

In Section II.2, page 21, the applicant states that the ancillary and support services required for the proposed project are already available and will continue to support women’s and children’s services. Those ancillary and support services include: pre-admission testing, laboratory, radiology, pharmacy, dietary, housekeeping and maintenance. In Exhibit 6, pages 159-182, the applicant provides a sample WMH transfer agreement and policy. Section V.4, pages 80-82, contains physician letters of support for the proposed project. Exhibit 20, pages 369-377 contains additional letters of support from area physicians. The applicant adequately demonstrates that the proposed project will be coordinated with the existing health care system and that the necessary ancillary and support services will be available. Therefore, the application is conforming to this criterion.

- (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

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

availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

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

NA

(11) Repealed effective July 1, 1987.

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

NA

(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 handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For 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 Sections VI.12 and VI.13, page 93, the applicant provides the payor mix for Fiscal Year 2011 for the entire hospital, women's and children's acute care beds, and the nursery and neonatal Level II births, as illustrated in the below table:

Wilson Medical Center FY 2011 Payor Mix % of Current Patient Days/Procedures As Percent of Total Utilization			
	WMC Entire	Women's & Children's Acute	Nursery & Neonatal

	Facility	Care Beds	Level II Births
Self Pay / Indigent/Charity/ Other	3.9%	2.0%	1.6%
Medicare/Medicare Managed Care	62.2%	5.5%	0.0%
Medicaid	17.6%	60.4%	74.3%
Commercial/Managed Care	16.2%	32.1%	24.1%
TOTAL	100.0%	100.0%	100.0%

In Section VI.6, page 87, the applicant states in part:

“No patient will be denied treatment at WMC, ... WMC’s services have been and will remain accessible to Medicare and Medicaid recipients, the uninsured, and the underinsured. ... WMC financial counselors assist patients and families in understanding their eligibility for charity and financial programs.”

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages for the years indicated. The data in the table was obtained on July 23, 2012. More current data, particularly with regard to the estimated percentages of the uninsured, was not available.

	Total # of Medicaid Eligibles as % of Total Population, June 2010	Total # of Medicaid Eligibles Age 21 and older as % of Total Population, June 2010	% Uninsured CY 2008-CY2009 (Estimate by Cecil G. Sheps Center)
Wilson County	22.0%	8.9%	21.9%
Statewide	17.0%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. Many of the Medicaid eligibles are expectant women. The health services as proposed in this application are heavily utilized by maternity recipients. Medicaid covered 79,666 of the 130,886 live births in North Carolina, or 61 percent during SFY 2007 (the most recent fiscal year for which this data are available).

Of the total number of Medicaid eligibles in SFY 2008 (the most recent fiscal year for which this data are available) the most are pregnant women and children who numbered 720,685 or 41.74 percent of total eligibles (1,726,412). Comparing the eligibility distribution in the North Carolina Medicaid program with our neighboring states, North Carolina has the highest percentage of families, children and pregnant women at 78%; followed by South Carolina (72%), Georgia (67%), Virginia (65%) and Tennessee (64%). During this same fiscal year, the pregnant women and children population experienced 32,778 enrollees, the largest numerical increase of enrollees or 4.76 percent (SFY 2007 = 687,907 and SFY 2008 = 720,685).

Medicaid recipients by eligibility category data show that a total of 60 percent of recipients were female and 40 percent male, compared to 51 percent and 49 percent respectively in the general North Carolina population. As shown in the table below, Medicaid recipients grouped by age shows children ages five to 20 constitute the largest group (38% versus 24 % in the general population), while adults aged 21 to 64 are the second largest group (31 % versus 57%); followed by young children from birth to age four (21% versus 7%), and the elderly ages 65 and older (10% versus 12%).

Medicaid Recipients by Eligibility Categories vs. General Population SFY 2008		
Eligibility Category	Medicaid Recipient %	General Population %
Children (aged 5-20 years)	38%	24%
Adults (aged 21-64 years)	31%	57%
Children (aged birth-4 years)	21%	7%
Elderly (aged 65 and older)	10%	12%

Of the 2011 (January – September 2011; the most recent months for which data are available) *Active EIS Case Counts Statewide by Aid Program Category*, Mothers Infants and Children (MIC) account for the largest category of recipients at an average of 43.1 percent. (Source: North Carolina Department of Health and Human Services/Division of Medical Assistance Website, including the *Medicaid in North Carolina Annual Report State Fiscal Year 2008*.)

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of Medicaid recipients receiving dental services was 48.6% for those aged 20 and younger in SFY 2010 (Wilson County’s percentage was 41.6% for those age 20 and younger) and it was 31.6% for those age 21 and older (Wilson County’s percentage was 29.6% for those age 21 and older). Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. Provisional county level data on this website shows that Wilson County had a projected total population of 81,380 as of July 1, 2011. Seventy-three percent of the county’s total population was age 20 and older. Population estimates were available by age, race and gender by county, however a direct comparison to the applicants’ current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women

utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

According to the 2010 Demographic Data published on the United States Census Bureau's website, the female population in Wilson County was 42,450. Of that number, females of childbearing age (15-44 years) totaled 15,748 or 19.4 percent of the total county population (81,234).

The applicant demonstrates that medically underserved populations currently have adequate access to Wilson Medical Center. 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 handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section VI.11, page 92, the applicant states that outside of the general requirements of EMTALA, WMC is under no obligations under Federal regulations to provide uncompensated care.

In Section VI.10, page 92, the applicant states there have been no civil rights complaints filed against Wilson Medical Center in the past five years. WMC also reports no EMTALAs.

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 VI.14, pages 94-95, the applicant provides the projected payor mix (not expected to change from current payor mix) for the entire facility and each service component in the second operating year (FY 2017) following project completion, as shown in the following table:

Wilson Medical Center 2nd Full FY(2017) Payor Mix As Percent of Total Utilization			
	WMC Entire Facility	Women's & Children's Acute Care Beds	Nursery & Neonatal Level II Births

Self Pay / Indigent/Charity/ Other	3.9%	2.0%	1.6%
Medicare/Medicare Managed Care	62.2%	5.5%	0.0%
Medicaid	17.6%	60.4%	74.3%
Commercial/Managed Care	16.2%	32.1%	24.1%
TOTAL	100.0%	100.0%	100.0%

In Section VI.2, page 85, the applicant states in part,

“... Hospital policies and procedures do not discriminate with regard to patient care access on the basis of race, ethnicity, sex, age, religion, income, residence or any other factor which might restrict access to services.”

Appendix 13 contains Wilson Medical Center’s Admission, Credit and Collection Policies. The applicant demonstrates that medically underserved populations will have adequate access to the women’s and children’s services provided at Wilson Medical Center. Therefore, the application is conforming to this criterion.

- (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 VI.9, page 91, the applicant states that patients have access to Wilson Medical Center through physician referrals, the emergency department, transfers from other facilities, and local healthcare agencies. The information provided in Section VI.9 is reasonable and credible. Therefore, 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

In Section V.1, pages 76-77, the applicant discusses existing student clinical training affiliations and lists the training programs with which agreements are in place, such as: clinical nursing - Nash, Edgecombe, Wilson and Halifax Community Colleges; Barton College and East Carolina University; radiology technology - Edgecombe and Johnston Community Colleges; Emergency Medicine Technician/Paramedic - Barton College and Pitt Community College; cardiac sonography - Pitt Community College; respiratory therapy - Edgecombe Community College; and pharmacy - Campbell University. Exhibit 12 contains an example of an existing training agreement. The applicant states that WMC will continue to be available to students in all of these existing training programs as well as to establish or expand clinical training programs. The applicant adequately demonstrates that the proposed

services accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

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

C

See Section V.7, pages 83-84, in which Wilson Medical Center discusses how the proposed project will foster competition by promoting cost-effectiveness, quality and access to outpatient services. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition include a positive impact on cost-effectiveness, quality and access to acute care services in Wilson County and surrounding counties (Johnston, Nash, and Wayne). The following conclusions are based on a review of the information in Sections II, III, V, VI and VII and the ProFormas:

- The applicant adequately demonstrates the need to renovate existing space to improve women's and children's services and that it is a cost-effective alternative;
- The applicant proposes to provide quality services; and states in Section II, pages 25-26:

“WMC is committed to providing the highest quality care to the patients it serves. The purpose of the proposed project is to enhance the efficiency and quality of patient care delivered by WMC.

...

The high quality and cost-effective care provided by WMC is assured through a variety of mechanisms, including a Performance Improvement Plan, Organizational Goals and Objectives, Medical Staff Peer Review, and a Patient Safety and Risk Management Plan. Copies of these Plans are included in Exhibit 7. These plans will continue to guide the services provided by the hospital following implementation of the proposed project.”

- The applicant proposes to provide adequate access to medically underserved populations. In Section VI, page 85, the applicant states:

“... Hospital policies and procedures do not discriminate with regard to patient care access on the basis of race, ethnicity, sex, age, religion, income, residence or any other factor which might restrict access to services. In addition to fair and equitable policies and procedures, WMC has undertaken community-minded initiatives to make its services more accessible to all residents in the service area and to support the health and well-being of all residents of Wilson County...”

Therefore, the application is conforming to this criterion.

- (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

Wilson Medical Center is accredited by the Joint Commission on Accreditation of Healthcare Organizations and was last certified in July 2012. WMC is also certified for Medicare and Medicaid participation. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred, within eighteen months immediately preceding the data of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on the hospital. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (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

