

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: February 19, 2014
PROJECT ANALYST: F. Gene DePorter
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: L-10227-13/ East Carolina Health-Heritage, Inc. d/b/a Vidant Edgecombe Hospital/ Provide inpatient dialysis services through the addition of two portable inpatient dialysis units/ Edgecombe

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.

NA

East Carolina Health-Heritage Inc. d/b/a Vidant Edgecombe Hospital (VEDG), located at 111 Hospital Drive, Tarboro proposes to add inpatient dialysis services through the addition of two portable inpatient dialysis units [to provide hemodialysis and peritoneal dialysis] in the existing acute care hospital at a capital cost of \$100,200.

The applicant does not propose to add any new operating rooms, health service facility beds, medical equipment or new services for which there is a need determination in the 2013 State Medical Facilities Plan (2013 SMFP) nor is the applicant proposing the reduction or elimination of beds, operating rooms, medical equipment or other existing services. There are no policies in the 2013 SMFP that are applicable to this review. Therefore, this criterion is not applicable to this review.

- (2) Repealed effective July 1, 1987.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

East Carolina Health-Heritage Inc. d/b/a Vidant Edgecombe Hospital (VEDG) is a private, non-profit acute care hospital serving the people of Edgecombe, Halifax, Martin and Nash counties. The applicant, East Carolina Health-Heritage Inc. (d/b/a Vidant Edgecombe Hospital (VEDG)) proposes to add two portable inpatient dialysis units to its service complement at a capital cost of \$100,200.

The applicant states:

“As a member of the Vidant Health System, VEDG will be able to capitalize on its affiliation with VMC, the regions’ only tertiary health care provider, which currently provides an extensive portion of inpatient dialysis in eastern North Carolina. VMC will work with experts at VEDG to provide training and support in order that these services may be provided in the Vidant Health community hospital setting. Between FY 2008 and FY 2012, VMC treated just over 30% of eastern North Carolina’s inpatient dialysis patients.”

Population to be Served

In Section III.3, page 26; the applicant provides the following table showing the discharges with inpatient dialysis from Vidant community hospital service areas for FY 08-12.

**Discharges with Inpatient Dialysis from
Vidant Community Hospital Service Areas,
FY 08-12**

Vidant Community Hospital Service Areas	Dischgs. With Dialysis	% of Total
Vidant Beaufort & Vidant Pungo Hospitals	644	35.9%
Vidant Bertie & Vidant Chowan Hospitals	191	10.6%
Vidant Duplin Hospital	394	21.9%
Vidant Edgecombe Hospital	60	3.3%
Vidant Roanoke-Chowan Hospital	494	27.5%
The Outer Banks Hospital	12	0.7%
TOTAL	1,795	100.0%

Furthermore, the applicant illustrates in the following table that of the 7,163 inpatient dialysis patient discharges from VMC between FY 08-12, (Average Annual Discharges of 1,433) 8% or 573 (Average Annual Discharge of 115) originated from the VEDG primary and secondary service area.

**VMC Discharges with Inpatient Dialysis from
Vidant Community Hospital Service Areas,
FY 08-12**

Vidant Community Hospital Service Areas	Dialysis Dischgs. From VMC FYs 08-12		% of Total VMC Dialysis Discharges FYs 08-12
	5 Year Period	Average Annual #	
Vidant Beaufort & Vidant Pungo Hospitals	632	126.4	8.8%
Vidant Bertie & Vidant Chowan Hospitals	442	88.4	6.2%
Vidant Duplin Hospital	60	12.0	0.8%
Vidant Edgecombe Hospital	573	114.6	8.0%
Vidant Roanoke-Chowan Hospital	518	103.6	7.2%
The Outer Banks Hospital	12	2.4	0.2%
All Other Patient Origins	4,926	985.2	68.8%
TOTAL	7,163	1,432.6	100.0%

Source: Section III.3, Page 26

On page 18 VEDG states it does not currently provide inpatient dialysis.

In Section III.5, page 28, the applicant states that the service area is Edgecombe, Halifax, Martin and Nash counties. VEDG expects patient origin to remain consistent with historical inpatient origin. See the table below, from page 30, for the proposed patient origin for the first two years of operation.

**Vidant Edgecombe Hospital
FFYs 2015 & 2016
Inpatient Dialysis Origin by County**

County	Projected % of Patients
Edgecombe	72.6%
Halifax	17.2%
Nash	7.6%
Martin	2.5%
Total	100.0%

The applicant adequately identifies the population it proposes to serve.

Demonstration of Need

In Section III.1 pages 18-23, the applicant states the following in regard to the need for the proposed dialysis services:

“As a community hospital whose mission it is to provide high quality care close to home, VEDG believes that adding inpatient dialysis to the hospital’s current service complement will contribute to patient-centered initiatives that aim to:

- *Meet the current and future demand for inpatient dialysis,*
- *Keep more inpatient dialysis care local for patients and their families,*
- *Decompress the volume at Vidant Medical Center (VMC),*
- *Contain costs and increase efficiency in health care delivery, and*
- *Improve patient and physician satisfaction.”*

1. Need to Meet Current and Future Demand

In Section III, 1, page 19, the applicant states the following:

“The average rate of growth year over year for inpatient dialysis in ENC in total between FY08 and FY12 was 0.6%. By comparison, singling out volume from the VEDG primary and secondary service areas for the same period, the average annual rate of growth in inpatient dialysis was 12.9%. Over the period FY14-17, VEDG anticipates an average annual rate of growth of approximately 9.4%, with annual growth slowing as demand shifts downward toward the rate of population growth.”

2. Need for Inpatient Dialysis to Keep Care Local

Section III, 1, page 19; the applicant indicates that, VEDG is the only hospital in its primary service area. Adding mobile dialysis care as a new service will enable the hospital to serve inpatient dialysis needs on a local basis and improve access for the underserved population as well as those with the high utilization rates. The medically underserved population of the VEDG service area is often disproportionately impacted by costs and transportation to medical services. VEDG’s service area demographic profile, as shown in the following table, indicates a higher than average elderly population, lower than average income and education levels, and a high minority population. Groups that historically utilize more health care resources, particularly inpatient services, than the rest of the population.

	VEDG	Eastern NC
% Pediatric (0-17)	22.6%	23.2%
% Senior (65+)	16.9%	14.8%
% of the Population Considered Minority	56.0%	41.5%
% Black	49.6%	30.3%
% Other Minority	4.8%	7.7%
% Adults with No H. S. Education	22.5%	18.1%
% of Households with Income < \$25,000	31.1%	27.1%

On page 26, the applicant, states it determined that VEDG is the most centrally located community hospital in its community hospital network and is therefore, the logical site for the establishment of inpatient renal dialysis for those patients who need inpatient dialysis.

3. Need to Decompress Volume at Vidant Medical Center (VMC)

In Section III. 1(a), pages 21-22; the applicant states the following:

“If approved, the proposed project would allow VEDG to utilize existing capacity to support the addition of inpatient dialysis, while shifting volume of lower acuity patients with dialysis from VMC-the regions only tertiary care facility-to the community hospital setting closer to the patients’ local communities. This shift in volume as a result of the proposed project would alleviate current capacity constraints at VMC, as 8% of the tertiary facility’s total inpatient dialysis volume originated from the VEDG service area FY 08 to FY 12. As VEDG begins offering inpatient dialysis should this project be approved, it is anticipated VMC will be able to more efficiently treat those patients in the Pitt County market who rely on VMC as a community hospital and tertiary service provider via shifting this care to the community setting. This project is expected to free clinical staff and beds at VMC as service provisions are introduced at VEDG and care for general community patients with inpatient dialysis shifts to the community hospital setting.”

4. Need to Contain Costs and Increase Efficiency in Health Care Delivery

The applicant states on page 22 that inpatient healthcare services provided in community based hospitals tend to be provided at lower costs than when delivered in a tertiary hospital setting. Between FY 08 and FY 12, 41.8% of the patients from the service area of VEDG received inpatient dialysis at VMC. VEDG anticipates that inpatient dialysis costs at VEDG will be more than 43% lower than VMC’s costs. The savings can benefit hospital operations and patient charges. In Section III. 1(a), page 22 the applicant provides the following cost comparison for VMC and VEDG:

**Comparison of Inpatient Dialysis Cost
VMC vs. VEDG**

	VMC	VEDG
Total Cost per Case	\$24,995.31	\$14,074.79
Reimbursement per Case	\$20,012.94	\$10,081.00
Margin Contribution per Case	\$ 5,750.68	\$ 959.36
Net Profit (Loss) per Case	\$(4,942.37)	\$ (3,993.79)

Source VEDG *Pro Forma*

Other cost savings associated with the proposed project include the ability to utilize available capacity at VEDG that is not readily available at VMC.

5. Need to Improve Patient and Physician Satisfaction.

According to the applicant, the VEDG lack of inpatient dialysis service has been identified as one of the only reasons for patient transfers from the hospital. Patient transfers create patient and family stress associated with time, distance, and cost. For physicians, the concern is the inability to continue to care for their patient, the lack of communications and continuity of care. Providing inpatient dialysis at VEDG would produce a decrease in transfers, improvement of patient, family and physician communications, efficient care delivery and improved patient outcomes.

Utilization Projections

In Section III.1 (a), pages 18-23, and Section IV.1, pages 33-34, the applicant provides assumptions and projections for inpatient dialysis for FY 2014 through FY 2017, as illustrated in the table following these assumptions:

- That growth in inpatient dialysis patients will begin to trend towards population growth as follows; FY 2015-10.0%; FY 2016-7.5%; and FY 2017- 5.0%.
- FY 13-17 is based on the assumption that 87% of inpatients in the service area are non-tertiary patients and thus are potential dialysis patients at VEDG.
- VEDG assumes the hospital will be able to retain 50% of non-tertiary patients from their service area who require inpatient dialysis by FFY 17.
- An average of three dialysis treatments per patient stay.
- IP dialysis will be provided 6 days per week, 52 weeks per year.

VEDG Service Area Projected Inpatient Dialysis

	FY 2015	FY 2016	FY 2017

All IP Requiring Dialysis	537	578	607
Non-Tertiary Inpatients	468	503	528
Market Share	0.25	0.37	0.50
VEDG IP Dialysis	117	186	264
3 Dialysis Tx. Per IP	351	558	792
Txs. Per Day	1.1	1.8	2.5

Treatments; 6 days per week, 52 weeks per year = 312 available days.

In Section IV.1, page 33, VEDG projects that it will serve 117 non-emergent patients by the end of the first full year [2015] of operation, 186 dialysis inpatients in 2016 and 264 dialysis inpatients by the close of FY 2017.

There are no providers of hospital inpatient dialysis services in the VEDG service area. The proposed project will meet an identified need in providing inpatient dialysis services to residents in the service area. Establishment of inpatient dialysis services will expand the continuum of care and will ease travel burdens for families of these patients.

The applicant adequately demonstrates the need to provide inpatient dialysis services at the VEDG hospital. Projected utilization is based on reasonable and supported assumptions.

In summary, the applicant adequately identifies the population to be served and adequately demonstrates the need for the proposed inpatient dialysis services. 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.

NA

- (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.

CA

There are currently no inpatient dialysis providers in the applicant’s service area.

In Section III.3, pages 25-27, the applicant discussed the alternatives considered before pursuing the proposed project. The applicant considered the following alternatives:

- 1) Maintain the status quo,
- 2) Implementation of Inpatient Dialysis at other VH Community Hospitals,
- 3) Add Inpatient Dialysis at VEDG as proposed herein.

VEDG staff determined that the status quo does not meet identified need of hospital dialysis patients in the service area nor in the best interests of VMC's ability to serve patients from the Pitt/Greene/Hyde County service area and therefore is not acceptable. VEDG determined that of VH's community hospitals, VEDG is most central to the largest patient population requiring inpatient dialysis. Therefore, adding inpatient dialysis at VEDG was determined to be the most economical option and the option in the best interest of patients.

Furthermore, the application is conforming to all other applicable statutory review criteria. See Criteria (3), (5), (6), (7), (8), (12), (18a), and (20). A project that cannot be approved cannot be an effective alternative. The applicant adequately demonstrates that this proposal is its least costly or most effective alternative. Consequently, the application is conforming to this criterion and approved subject to the following conditions:

- 1. East Carolina Health-Heritage Inc. (d/b/a Vidant Edgecombe Hospital) shall materially comply with all representations made in the certificate of need application.**
 - 2. East Carolina Health-Heritage Inc. (d/b/a Vidant Edgecombe Hospital) 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.**
 - 3. East Carolina Health-Heritage Inc. (d/b/a Vidant Edgecombe Hospital) Prior to the issuance of the certificate of need, shall acknowledge acceptance of and agree to comply with all conditions stated in writing to the Certificate of Need Section.**
- (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.

In Section IX.1, page 58, the applicant states that the total estimated initial operating expenses equal \$ 89,645. In Section VIII, page 57, the applicant projects the total capital cost for the proposal to be \$100,200; as illustrated in the following table from page 52.

Equipment Description	Unit Cost	Cost X Quantity	Annual Depreciation*
Gambro Dialysis Machine	\$ 15,700	\$ 15,700 X 2 = \$ 31,400	\$ 6,280
Cart for Machine/RO	\$ 12,000	\$ 12,000 X 2 = \$ 24,000	\$ 4,800
Portable RO	\$ 18,500	\$ 18,500 X 2 = \$ 37,000	\$ 7,400
Phoenix Meter	\$ 350	\$ 350 X 2 = \$ 700	\$ 140
Crit Line Monitor	\$ 3,500	\$ 3,500 X 2 = \$ 7,000	\$ 1,400
Water Connectors	\$ 50	\$ 50 X 2 = \$ 100	\$ 20
Total	\$ 50,100	\$ 100,200	\$ 20,404

*Depreciation assumes the straight line method over the useful life with no residual value.

In Section VIII.3, page 53 the applicant states the project will be funded from accumulated reserves of Vidant Health/Vidant-Edgecombe Hospital. In Exhibit M the applicant includes a letter dated November 13, 2013 from the Chief Financial Officer, Vidant Health, stating the following:

“VH and VCOM will allocate \$100,200 in accumulated reserves to the development of portable inpatient dialysis services at Vidant Edgecombe Hospital.

VH and VCOM will commit \$89,645 in working capital out of Vidant Edgecombe Hospital’s normal operating budget to cover anticipated loss in the first two fiscal years of the project.

VH’s accumulated reserves as of September 30, 2013 are \$593,656,000 million and can support this project.”

This financial commitment is contingent upon the receipt of the necessary Certificate of Need from the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section and is subject to any and all other necessary approvals to all applicable federal, state, and local laws and regulations.”

Appendix L includes audited financial statements for the years ending September 30, 2012 and 2011 for Vidant Health. The Cash and Cash Equivalent Funds equal \$98,785,000, and Total Assets equal \$1,693,822,000 and Net Assets equal \$823,339,000 for FY 2012. The applicant has adequately demonstrated the availability of sufficient funds for the project.

In Form C, Statement of Projected Revenues and Expenses for VEDG’s proposed project, VEDG projects that revenues will exceed expenses in the third year of operations following

project completion. In Exhibit N (the Pro Forma section) of the application, the applicant provides the assumptions used to project revenues and expenses for the entire facility, as well as the historical average charges per case. The assumptions used by the applicants in preparation of the pro formas are reasonable. The applicants adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues for the entire facility. 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 adequately demonstrated that the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. VEDG Hospital is the only hospital in Edgecombe County. In addition, the applicant demonstrated the need that its patients have for the proposed project.

The applicant does not propose to increase the number of licensed beds or acquire any new equipment for which there is a need in the 2013 SMFP. Therefore, the applicant adequately demonstrated that the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, 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

The applicant states in Section VII.3 (b), page 49: *“VEDG’s recruiting efforts, coupled with competitive salaries and benefit packages have proven very successful in assuring VEDG has access to the appropriate number and mix of staff. VEDG does not anticipate any difficulties in recruiting the staff necessary to fully support the project. VEDG will also use the corporate resources available through Vidant Health.”*

In Section VII.1 (b), page 48, the applicant indicates that the project will require the addition of 2.0 registered nurses. On page 12, the applicant states that *“all other clinical, managerial, ancillary and support staff is already in place at VEDG and is sufficient to support the proposed project.”*

The applicant has demonstrated the availability of adequate health manpower and management personnel for the provision of the proposed inpatient dialysis 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 (b), page 14 the applicant states the following:

“As an existing community hospital, VEDG currently has all ancillary and support services in place to support hospital operations and the addition of the proposed inpatient dialysis. Every effort will be made to hire only those staff needed. There is no anticipated need to expand the current support services as a result of the proposed project.”

In Section II.5, page 14, the applicant states:

“...the completed project will offer the ability for patients requiring inpatient dialysis to remain close to home and receive treatment at their local community hospital. Currently, patients in need of inpatient dialysis require a transfer or must travel independently to another inpatient facility further from home. Keeping care close to home not only improves patient experience, but also reduces the cost of care and contributes to efficiencies in patient flow and health care delivery.”

Appendix C contains copies of existing policies supporting VEDG inpatient dialysis patient needs for transfer to another hospital. VEDG's transfer policy also deals with transfer in the event a patient requires care VEDG cannot provide or if beds are not available.

The applicant provides 3 letters of support in Appendix L. One letter is from the Director of the Edgecombe County Health Department and two letters from physicians at VEDG.

The applicant adequately demonstrates that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. 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

NA

(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 2013 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 existing services in comparison to the percentage of the population in the applicant service area which is medically underserved:

C

In Section VI.12, page 45, the applicant provided payor mix information for the entire facility for the last full fiscal year (FY 2013), as illustrated below.

**VEDG [Entire Facility]
Last Full Fiscal Year [2013]
Current Patient Days as % of Total Utilization**

Payor	Entire Facility
Self Pay/	13.1%
Medicare/	35.3%
Medicaid	25.3%
Commercial Insurance	24.9%
Other	1.3%
Total	100.0%

The applicant provides the payor mix for inpatient dialysis services for patients with inpatient dialysis for the VEDG service area who received care outside the service area in FY13 since VEDG does not currently provide such service.

**VEDG FY12 Percent Payor Mix
Patients from the VEDG Service Area Receiving
Dialysis Outside the Service Area.**

Payor	Payor %
Self Pay	1.0%
Medicare	85.7%
Medicaid	6.0%
Commercial Insurance	6.5%
Other	0.8%
Total	100.0%

The applicant demonstrates that medically underserved patients currently have adequate access to existing services at VEDG.

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

In Section VI.10, page 44, the applicant states that there have been no civil rights access complaints filed against VEDG within the last five years. Therefore, 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;

C

In Section VI.14 and 15, pages 46-47, the applicant provided the projected payor mix for the entire facility as well as inpatient dialysis service for the second operating year following project completion. The projected payor mix shown below for inpatient dialysis services is consistent with the current mix for the entire hospital.

**VEDG [Entire Facility]
Second Full Fiscal Year [2016]
Projected Patient Days as % of Total
Utilization**

Payor	Entire Facility
Self Pay	13.1%
Medicare	35.3%
Medicaid	25.3%
Other	1.3%
Commercial Insurance	24.9%
Total	100.0%

VEDG assumes FY 16 payor mix will approximate FY 13’s payor mix.

**VEDG [Dialysis Services]
Second Full Fiscal Year [2016]
Projected Patient Days as % of Total Utilization**

Payor	Entire Facility
Commercial	6.5%

Medicaid	6.0%
Medicare	85.7%
Other	0.8%
Self Pay	1.0%
Total	100.0%

In Section VI.2 (f), page 40, the applicant states:

“As a not-for-profit community hospital in rural eastern NC, VEDG has an obligation to accept any patient requiring medically necessary treatment. No patient is denied access to non-elective care at VEDG based on race, color, creed, age, sex, national origin, religion, disability status, sexual preference, source of payment for care, or lack of medical insurance.”

VEDG does not currently offer inpatient dialysis. However, the following table from page 40 provides the FY 13 patient mix for VEDG:

All VEGD Hospital Patients	Medically Underserved	Seniors	Women	Minority
	38.5%	27.0%	63.6%	59.3%

Appendix I contains the Credit, Collection and Charitable Care Policies. The applicant demonstrated that medically underserved populations would have adequate access to the proposed services.

The following table shows the historical and projected charity care and bad debt for FYs 2012, 2015 and 2016. Reference Appendix I for VEDGs collection and bad debt policies.

**VEDG Charity Care, Bad Debt and Percent of Net and Gross Revenue
FYs 2015 and 2016**

FY 2012	Amount	Percent of Net Revenue
Entire Hospital		
Charity Care	\$11.7 million	6.0%
Bad Debt	\$ 9.3 million	13.0%

FY 2015	Amount	Percent of Net Revenue	Percent of Gross Revenue
IP Dialysis Only			
Charity Care	\$54,047	0.0%	6.0%
Bad Debt	NA	0.0%	0.0%
FY 2016	Amount	Percent of Net Revenue	Percent of Gross Revenue
IP Dialysis Only			
Charity Care	\$88,568	0.0%	6.0%
Bad Debt	NA	0.0%	0.0%

Source: Application Section VI. 8, page 42-43

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 44, the applicant states: *“Patients will have access to the proposed services primarily through medical staff referrals, emergency department admissions and patient transfers and referrals from other institutions. The services are available through normal operating hours and an emergency basis 24 hours per day, 7 days per week, 365 days per year.*

...VEDG is a local community hospital that serves Edgecombe and surrounding counties. Approximately 93% of the hospital’s total patient admissions come from Edgecombe, Halifax, and Nash counties. Patients are generally referred to VEDG by acute care facilities and physicians throughout the service area. VEDG anticipates that historical referral patterns that are already established for existing services will not change with the addition of portable inpatient dialysis.” Reference Appendix F for a list of facilities with which VEDG has transfer agreements.

The applicant adequately demonstrated a range of means by which patients will have access to the proposed inpatient dialysis services. 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, page 35, the applicant states: *“Education is a major component of the Vidant Health mission. The system’s tertiary hospital, VMC, is considered one of the leading training facilities for medical, nursing and allied health students in eastern NC. Given its location in proximity to VMC, East Carolina University and the many other high school and*

college campuses in eastern North Carolina, VEDG is uniquely positioned and prepared to address the critical need for well- training healthcare professionals. Particularly through its close alignment and proximity to VMC, VEDG is able to maintain working relationships with the following institutions (in addition to others not listed):

- *NEWH Nursing Consortium,*
- *Brody School of Medicine at East Carolina University,*
- *East Carolina University School of Nursing,*
- *East Carolina University School of Allied Health Sciences,*
- *Pitt Community College,*
- *Lenoir Community College,*
- *Beaufort County Community College,*
- *Barton College of Nursing,*
- *Edgecombe Community College*
- *University of North Carolina at Chapel Hill Schools of Nursing and Pharmacy.”*

The applicant adequately demonstrates that it will continue to 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

In Section V.7, page 38, the applicant discusses the impact of the proposed project on competition as it relates to promoting cost-effectiveness, quality and access, stating:

“Currently, patients must travel further from home than necessary for inpatient dialysis. Many patients from the VEDG service area are treated at VMC, more than 30 miles outside the hospital’s service area. By shifting treatment to VEDG, patients and their families will enjoy increased access to dialysis service at a lower cost. VEDG projects the hospital will be able to provide inpatient dialysis at a cost that is approximately 43% lower than VMC.”

On page 38, the applicant states that this project will foster competition by making VEDG a choice for patients who need inpatient dialysis and would prefer access closer to home. This project allows VEDG to offer a needed service to patients in their local community so that they will no longer have to face the additional cost and inconvenience, as well as interruption in care, of being transferred to another facility for inpatient dialysis.

The information provided by the applicant is reasonable and credible and adequately demonstrates how any enhanced competition will have a positive impact on cost-effectiveness, quality and access to VEDG inpatient dialysis services. This determination is based on a review of the information in Sections II, III, IV, V, VII and the Pro Formas and the following analysis:

- The proposal would not result in the unnecessary duplication of existing inpatient dialysis services by adding two inpatient dialysis stations at VEDG.
- Vidant Edgecombe Hospital adequately demonstrates the need to add 2 inpatient dialysis stations.
- The applicant adequately demonstrates that the proposal is a cost-effective alternative to meeting the need the applicant demonstrates exists for its proposal.
- The applicant has provided and will continue to provide quality services;
- The applicant has provided and will continue to provide adequate access to medically underserved populations; and
- The applicant adequately demonstrates that the proposal will have a positive impact on competition by providing patients with increased access to inpatient dialysis services.

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

In Section VI.1, Vidant Edgecombe Hospital indicates that it is a licensed, acute care hospital, accredited by the Joint Commission and certified as a Medicare and Medicaid provider. In Section II.7, (c), the applicant states that none of the identified facilities in this application has ever had its license revoked nor have any of the facilities identified ever had their Medicare or Medicaid Provider Agreement terminated.

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