

ATTACHMENT – REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA – Conditional

NC – Nonconforming

NA = Not Applicable

Decision Date: July 9, 2015

Findings Date: July 9, 2015

Project Analyst: Tanya S. Rupp

Assistant Chief: Martha Frisone

Project ID #: O-11026-15

Facility: Strategic Behavioral Center - Leland

FID #: 130438

County: Brunswick

Applicant: SBH Wilmington, LLC

Project: Develop 20 adult psychiatric beds for a total of 20 adult inpatient psychiatric beds, 20 child/adolescent inpatient psychiatric beds and 54 psychiatric residential treatment facility beds upon project completion

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

The applicant, SBH Wilmington, LLC d/b/a Strategic Behavioral Health Center Leland [**SBC Leland**] operates an existing inpatient psychiatric hospital located in Leland in Brunswick County that treats children and adolescents. Currently, SBC Leland is licensed for 72 psychiatric residential treatment facility (PRTF) beds and 20 child/adolescent inpatient psychiatric beds. The applicant proposes to add 20 adult inpatient psychiatric beds by deleting 18 of the existing PRTF beds. Upon project completion, the facility will be licensed for 20 adult inpatient psychiatric beds, 20 child/adolescent inpatient psychiatric beds and 54 PRTF beds.

The 2015 State Medical Facilities Plan (SMFP) contains a need methodology for determining the number of new adult inpatient psychiatric beds needed by service area. Application of the

need methodology in the 2015 SMFP identified a need for 26 additional adult inpatient psychiatric beds in the Coastal Care Local Management Entity-Managed Care Organization (LME/CMO), which includes Brunswick, Carteret, New Hanover, Onslow and Pender counties. The applicant proposes to add no more than 20 adult inpatient psychiatric beds to its existing facility in Brunswick County; therefore, the application is conforming to the need determination in the 2015 SMFP. No other applications for adult inpatient psychiatric beds in the CoastalCare LME/CMO were filed.

There are two policies in the 2015 SMFP which are applicable to this review, Policy MH-1 and Policy GEN-3, on page 33 and 38, respectively, of the 2015 SMFP. Both are discussed below.

Policy MH-1: LINKAGES BETWEEN TREATMENT SETTINGS states: *“An applicant for a certificate of need for psychiatric, substance abuse, or intermediate care facilities for individuals with intellectual disabilities (ICF/IID) shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services.”* Exhibit 4 contains a copy of a March 25, 2015 letter of support for the project from the Area Director of CoastalCare, the local LME-MCO for Brunswick County. The application is conforming to Policy MH-1.

Policy GEN-3: BASIC PRINCIPLES states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Promote Safety and Quality

The applicant describes how it believes the proposed project would promote safety and quality in Section II, page 27, Section V.6 pages 76 - 77, and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote safety and quality.

Promote Equitable Access

The applicant describes how it believes the proposed project would promote equitable access in Section V, pages 76 - 77, Section VI, pages 78 – 88, and referenced exhibits. The

information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes the proposed project would maximize healthcare value in Section III, page 62, Section V, pages 76 - 77 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would maximize healthcare value.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3

Conclusion

In summary, the applicant adequately demonstrates that its proposal is consistent with the need determination in the 2015 SMFP and with Policies MH-1 and GEN-3. 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 facility is currently licensed for 72 PRTF beds and 20 child/adolescent inpatient psychiatric beds. The applicant proposes to add 20 adult inpatient psychiatric beds and delete 18 of its existing PRTF beds. Upon project completion, the facility will be licensed for 20 adult inpatient psychiatric beds, 20 child/adolescent inpatient psychiatric beds, and 54 PRTF beds.

Population to be Served

On page 368, the 2015 SMFP defines the service area for psychiatric beds as "*the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located.*" Thus, the service area for this facility consists of Brunswick, Carteret, New Hanover, Onslow and Pender counties. Facilities may also serve residents of counties not included in their service area.

In Section III.5(a), page 65, the applicant projects the population to be served in the adult inpatient psychiatric beds at SBC Leland during the first two years of operation following project completion, as shown in the table below.

COUNTY	OPERATING YEAR ONE		OPERATING YEAR TWO	
	# PATIENTS	% OF TOTAL	# PATIENTS	% OF TOTAL
Brunswick	128	20.3%	156	20.3%
New Hanover	112	17.8%	137	17.8%
Onslow	105	16.6%	128	16.6%
Carteret	83	13.1%	101	13.1%
Pender	32	5.0%	39	5.0%
Sampson	77	12.1%	94	12.1%
Columbus	59	9.3%	72	9.3%
Bladen	36	5.8%	45	5.8%
Total	631	100.0%	771	100.0%

Totals may not foot due to rounding.

In Section III, page 66, the applicant states:

“SBC Wilmington does not have a historical patient origin for adult IP psych services as it currently does not offer adult IP psych services, however, SBC Wilmington used the following assumptions in determining its proposed service area [sic]:

As SBC Wilmington states in Section III.1, over 11,000 adult IP psych days of care from the proposed 8- county primary and secondary service areas were provided by facilities outside of the proposed 8-county primary and secondary service areas.

As such, SBC Wilmington proposes to serve a portion of the Cherry Hospital service area with a 5-county primary service area and a 3-county secondary service area, as well as accept patients from throughout North Carolina.”

The applicant adequately identifies the population proposed to be served.

Analysis of Need

In Section III.1, pages 42 – 58, the applicant states the need for the 20 additional adult inpatient psychiatric beds is based on the following factors:

- *“Service Area Population Growth Trends*
 - *Brunswick/New Hanover Counties*
 - *Primary Service Area*
- *Emergency Department Wait Times for State Psychiatric Hospital Admission*
- *Adult Psychiatric Inpatient Services*
 - *Inpatient Days of Care Served Across the State*
- *Factors Cited by the State of North Carolina*
- *2015 State Medical Facilities Plan Need Methodology*
- *Change in Non-State Hospital Days of care vs. State Hospital Days of Care”*

Each factor is discussed below.

Population Growth Trends – Brunswick and New Hanover Counties

In Section III.1, page 44, the applicant states the population age 18 and older in Brunswick and New Hanover counties increased 9.1% from 2010 to 2014. This same population is expected to increase 9.5% between 2014 and 2018. The applicant states:

“The NC Office of State Budget and Management projects that Brunswick and New Hanover counties will be 2 of the top 10 North Carolina counties in 18 and over population growth with Brunswick County being having [sic] the largest 18 and over population growth in North Carolina. ... [T]he utilization of inpatient psychiatric services by the 18 and over population in North Carolina continues to grow and conditions exist for this trend to continue in the future.”

Service Area Population Growth Trends

In Section III.1, page 45, the applicant states the population 18 and older in the service area (Brunswick, Carteret, New Hanover, Onslow and Pender counties) increased 6.8% from 2010 – 2014. This same population is projected to increase 7.4% between 2014 and 2018.

Emergency Department Wait Times for State Psychiatric Hospital Admission

In Section III.1, pages 46 – 47, the applicant provides data regarding average wait times for patients who need inpatient psychiatric care in North Carolina. There are currently three state-operated inpatient psychiatric hospitals in North Carolina. Cherry Hospital is located in Wayne County. Central Regional Hospital is located in Granville County and Broughton Hospital is located in Burke County. Cherry Hospital serves patients from 38 North Carolina counties, Central Regional Hospital serves patients from 25 North Carolina counties and Broughton Hospital serves patients from 37 North Carolina counties. The eight counties from which the applicant expects to serve patients are located in the Cherry Hospital service area.

On page 46, the applicant states that patients are referred to each of the three state psychiatric hospitals on a daily basis, but admission is often delayed due to lack of an available bed. As a result, patients are often kept in emergency rooms at community hospitals until a bed becomes available at one of the inpatient psychiatric hospitals. This puts a strain on the hospital, since psychiatric patients may require one-on-one observation or even the presence of a law enforcement officer.

On page 46, the applicant provides a table to illustrate the time that patients have had to wait for an inpatient psychiatric bed to become available in the service areas of each of the three LME/CMOs served by Cherry Hospital and Central Regional Hospital. The applicant states in supplemental information provided at the Agency’s request that it did not include data for

Broughton Hospital since it is located in Burke County, nearly four hours driving time from its facility. In the first table below, wait times are shown in hours. The second table below shows the same wait times in days.

HOSPITAL	WAIT TIME IN HOURS					
	JULY 2014	AUG. 2014	SEPT. 2014	OCT. 2014	NOV. 2014	DEC. 2014
Cherry Hospital						
CoastalCare	54.69	91.70	74.74	85.40	82.12	86.86
East Carolina Behavioral Health	66.44	89.08	41.59	50.27	28.26	99.86
Eastpointe	54.98	103.71	91.21	67.54	62.51	113.16
Central Regional Hospital						
CoastalCare	162.81	73.08	--	--	25.45	34.00
East Carolina Behavioral Health	21.67	--	--	98.68	--	--
Eastpointe	--	--	--	119.00	117.90	54.54

HOSPITAL	WAIT TIME IN DAYS					
	JULY 2014	AUG. 2014	SEPT. 2014	OCT. 2014	NOV. 2014	DEC. 2014
Cherry Hospital						
CoastalCare	2.3	3.8	3.1	3.6	3.4	3.6
East Carolina Behavioral Health	2.8	3.7	1.7	2.1	1.2	4.2
Eastpointe	2.3	4.3	3.8	2.8	2.6	4.7
Central Regional Hospital						
CoastalCare	6.8	3.0	--	--	1.1	1.4
East Carolina Behavioral Health	--	--	--	4.1	--	--
Eastpointe	--	--	--	5.0	4.9	--

As shown in the table above, the wait times during the last six months of 2014 ranged from one to seven days.

Adult Psychiatric Inpatient Services

On pages 48 – 49, in Exhibit 16, and in supplemental information provided at the Agency’s request, the applicant provides historical information about inpatient psychiatric days of care provided to residents of the counties expected to utilize the adult beds. The data was obtained by the applicant from the 2014 Hospital License Renewal Applications.

The applicant determined that 11,049 days of care were provided to residents of one of the counties that SBC Leland expects to serve in a facility not located in one of those counties. In some cases, the facility was located more than 300 miles away from where the resident lives. In one example, the applicant states that in FY 2014, residents of some of the counties expected to use the proposed beds received 566 days of care at Novant Health Thomasville Medical Center, located in Davidson County. On page 49, the applicant states that inpatient psychiatric admissions that occur so far from the patient’s residence “*puts added anxiety on both the patient and his or her family members, not to mention that the patient is already in a state of high anxiety.*”

Factors Cited by the State of North Carolina

In Section III.1, pages 50 – 51, the applicant discusses efforts by the state of North Carolina to improve access to mental health care for residents who are in need of psychiatric services. On page 50, the applicant states:

“DHHS Secretary Aldona Wos announced today the McCrory Administration's Crisis Solutions Initiative, a new statewide effort to improve mental health and substance abuse crisis services in North Carolina. This initiative will bring healthcare, government, law enforcement, and community leaders together to identify help for individuals experiencing a mental health or substance abuse crisis so they receive the most effective care.

At the center of this initiative is a new scorecard system to help track the progress and success of these initiatives in three key areas over time:

- *Percentage of emergency department visits for primary diagnoses related to mental health or substance abuse issues;*
- *Wait times in emergency departments for inpatient psychiatric and substance abuse placement;*
- *Number of individuals with mental health crises, who have been admitted to emergency departments that are readmitted within 30 days.”*

The applicant also quotes an article written in December 2014 by Quintin Ellison, a reporter for the *Sylva Herald* in Jackson County, which states that the Joint Commission on Accreditation of Healthcare Organizations recommends a wait of no more than four hours for a psychiatric admission once the patient presents to an emergency room. In addition, citing an article written in March 2015 by John Murawski, a reporter with the *Raleigh News and Observer*, the applicant states:

“The bed shortage has become so severe that on Jan. 25 WakeMed's Raleigh hospital for the first time closed its emergency room for 3 1/2 hours to nonserious cases after the ER overflowed with 65 psychiatric cases.

Once hospitalized, mentally-ill patients can wait for days for a psychiatric bed to become available. WakeMed Health & Hospitals, Rex Hospital and Duke Raleigh Hospital are all staffed with round-the-clock "sitters" to monitor psychiatric patients until they are transferred to a mental health facility. The sitters are not a reimbursed expense and cost WakeMed about \$7 million in fiscal 2014....”

On page 51, the applicant states:

“Furthermore, during a meeting at SBC-Raleigh on March 11, a SBC-Raleigh representative was informed by the WakeMed ED that 51 mental health patients were waiting in the Emergency Department for an inpatient psychiatric bed.”

2015 State Medical Facilities Plan Adult Psychiatric Bed Need Methodology

In Section III.1, pages 52 – 56, the applicant questions the efficacy of the adult inpatient psychiatric bed need methodology in the 2015 SMFP, based on an analysis of ten years of historical data. On page 53, the applicant compares projected adult inpatient psychiatric days of care as published in the 2005 through 2015 SMFPs to actual adult inpatient psychiatric days of care as reported by hospitals in the Coastal Care LME-MCO. The applicant states:

“The need methodology projects the days of care in four year [sic] by using the current population utilization. The need methodology was relatively reasonable in its volume projections through the 2007 State Medical Facilities Plan. However, the need methodology has only become more inaccurate since the 2008 State Medical Facilities Plan, especially the 2011 State Medical Facilities Plan projecting 2013 adult IP psych days of care. Actual 2013 days of care totaled 29,544 days (a 4-year increase of 69.5 percent from 2009) as compared to projected days of care of 18,568 days, the need methodology was off by 59.1 percent from actual days of care.”

On page 55, the applicant compares projected adult inpatient psychiatric days of care as published in the 2005 through 2015 SMFPs to actual adult inpatient psychiatric days of care as reported by hospitals in the entire State. The applicant states:

“... actual days of care in 2008 totaled 278,522 days (a 4-year increase of 12.8 percent from 2004) as compared to projected days of care of 261,408 days in the 2006 State Medical Facilities Plan, the need methodology was off by 6.5 percent from actual days of care. However, the need methodology has only become more inaccurate since the 2006 State Medical Facilities Plan, especially the 2011 State Medical Facilities Plan projecting 2013 adult IP psych days of care. Actual 2013 days of care totaled 407,389 days (a 4-year increase of 40.1 percent from 2009) as compared to projected adult IP psych days of care of 307,511 days, the need methodology was off by 32.5 percent or 99,878 days of care.”

The applicant states the actual adult inpatient psychiatric days of care in both the Coastal Care LME-MCO and the State as a whole has outpaced projections in the SMFPs, and “nothing in the provision of adult IP psych services would indicate a decrease in inpatient services in the future.”

Change in State Hospital Days of Care vs. Non-State Hospital Days of Care

In Section III.1, page 57, the applicant states that one factor the SMFP need methodologies have consistently failed to take into account is the closing of state psychiatric hospital beds and thus the decrease in state hospital inpatient psychiatric services. The applicant state that the decrease in state inpatient psychiatric services has resulted in other hospitals in North Carolina experiencing a 70.8% increase in adult inpatient psychiatric days of care from 2004 to 2013. The applicant calculates days of care by multiplying the average daily population

reported in the North Carolina Psychiatric Hospital Annual Statistical Report Fiscal Year by 365 days.

The applicant states:

“... while the number of state hospital inpatient psychiatric days of care have decreased by 156,950 days from a high of 437,270 days in 2004 to 280,320 days in 2013, the number of non-state hospital inpatient psychiatric days of care have decreased [sic, should say increased] by 211,698 days from a low of 299,217 days in 2004 to 510,915 days in 2013.”

Projected Utilization

In Section IV, pages 68 – 72, the applicant projects utilization of SBC Leland following the proposed addition of the 20 adult inpatient psychiatric beds. The applicant currently operates 20 child/adolescent inpatient psychiatric beds and 72 PRTF beds.

On page 68, the applicant provides historical utilization of the child/adolescent inpatient psychiatric beds and the PRTF beds during the six month period prior to submission of this application, as shown in the following table:

Historical Utilization, Child/Adolescent Inpatient Psychiatric Beds

20 C/A IP PSYCH BEDS	OCT. 2014 – DEC. 2014	JAN. 2015 – MARCH 2015
# Patients Admitted	123	154
Days of Care	1,814	1,765
Average Length of Stay	14.7	11.5
% Utilization*	98.6%	98.0%

*Calculated by project analyst as follows: 91 days x 20 beds = 1,840 potential days; 1,814 / 1,840 = 98.6%, and 90 days x 20 beds = 1,800 potential days; 1,765 / 1,800 = 98%.

Historical Utilization, Psychiatric Residential Treatment Facility Beds

72 PRTF BEDS	OCT. 2014 – DEC. 2014	JAN. 2015 – MARCH 2015
# Patients Admitted	46	51
Days of Care	5,744	6,260
Average Length of Stay	124.8	122.7
% Utilization*	87.7%	96.6%

*Calculated by project analyst as follows: 91 days x 72 beds = 6,552 potential days; 5,744 / 6,552 = 87.7%, and 90 days x 72 beds = 6,480 potential days; 6,260 / 6,480 = 96.6%.

The applicant projects Operating Year One of the proposed adult beds will begin on January 1, 2016.

On pages 70 – 72, the applicant projects utilization of the entire facility following the addition of the 20 adult inpatient psychiatric beds, as shown in the following table:

	CY 2016	CY 2017	CY 2018
20 ADULT INPATIENT PSYCHIATRIC BEDS			
# Patients	631	771	771
Days of Care	5,679	6,935	6,935
Average Length of Stay	9.0	9.0	9.0
% Utilization*	77.8%	95.0%	95.0%
20 CHILD/ADOLESCENT INPATIENT PSYCHIATRIC BEDS			
# Patients	556	596	609
Days of Care	6,390	6,851	7,008
Average Length of Stay	11.5	11.5	11.5
% Utilization*	87.5%	94.0%	96.0%
54 PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY BEDS			
# Patients	153	153	153
Days of Care	18,776	18,725	18,725
Average Length of Stay	122.7	122.7	122.7
% Utilization*	95.3%	95.0%	95.0%

*Calculated by the project analyst as follows: # of beds x 365 days = potential days per year; projected days / potential days = projected utilization rate.

Projected utilization is based on reasonable and adequately supported assumptions. See the discussion above, Section III of the application, and supporting documentation provided in Exhibit 16. Therefore, the applicant adequately demonstrates the need to develop 20 adult inpatient psychiatric beds in its existing facility.

Access

In Section VI.2, page 78, the applicant states that admission to SBC Leland is based on clinical and medical necessity, and it will continue to provide services to all patients regardless of income, ability to pay, racial/ethnic origin, or disability. The discussion regarding access found in Criterion (13) is incorporated herein by reference. The applicant adequately demonstrates the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need the population has for the project and adequately demonstrates the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed 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

In Section III.3, pages 60 - 62, the applicant discusses the alternatives it considered for this project, which are described below:

- Maintain the Status Quo – The applicant concludes that this was not the most effective alternative because of the six factors discussed in Criterion (3). The applicant states that, based on the analysis it presented, maintaining the status quo is unreasonable and infeasible.
- Pursue a Joint Venture – The applicant states it discussed the possibility of a joint venture with New Hanover Regional Medical Center for several months prior to preparing this application, but jointly decided that it would not be a reasonable alternative.
- Construct a New Psychiatric Hospital for the Proposed Beds – The applicant states the cost of constructing a new hospital would be prohibitive at \$3.6 Million, and would take about nine months, which means more time for patients to wait for inpatient psychiatric services.
- Locate in Another County in the CoastalCare Service Area – The applicant states that this is not a feasible alternative because it would involve construction of a new psychiatric hospital, which is not a cost-effective alternative.
- Submit a CON Application for More or Fewer Adult IP Psychiatric Beds – the applicant states that applying for fewer than 20 adult inpatient psychiatric beds would not allow SBC Leland to fulfill its mission to provide care for adult patients in need of inpatient psychiatric services. The applicant states that applying for more than 20 beds would not be consistent with its plan of using existing space and ramping up the provision of adult inpatient psychiatric services over time.
- Construct a Patient Wing at the SBC Leland Facility – The applicant states this is not a reasonable alternative because there are available beds in the existing facility, and a contractor estimated the cost of a new wing to be \$1.6 Million.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

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

1. **SBH Wilmington, LLC, d/b/a Strategic Behavioral Center Leland shall materially comply with all representations made in the certificate of need application and supplemental information. In those instances where representations conflict, SBH Wilmington, LLC shall materially comply with the last-made representation.**
 2. **SBH Wilmington, LLC, d/b/a Strategic Behavioral Center Leland shall develop no more than 20 inpatient psychiatric beds for a total licensed bed complement of no more than 20 child and adolescent inpatient psychiatric beds, 20 adult inpatient psychiatric beds, and 54 psychiatric residential treatment facility beds.**
 3. **Strategic Behavioral Center Leland shall de-license 18 psychiatric residential treatment facility beds upon completion of this project.**
 4. **SBH Wilmington, LLC, d/b/a Strategic Behavioral Center Leland shall accept patients requiring involuntary admission for inpatient psychiatric services.**
 5. **SBH Wilmington, LLC, d/b/a Strategic Behavioral Center Leland shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (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.1, page 100, the applicant projects the capital cost of the project to be \$25,000, which is for consultant and filing fees. The 20 adult inpatient psychiatric beds will be located in space currently occupied by PRTF beds, 18 of which will be de-licensed. In Section IX.1, page 104, the applicant projects start-up expenses in the amount of \$54,450.

In Exhibit 25, the applicant provides a March 30, 2015 letter from the President of Strategic Behavioral Health, LLC, which states:

“Strategic Behavioral Health Center Wilmington (SBC Wilmington) will obligate and commit \$25,000 from Cash and cash equivalents to fund the related capital costs associated with the development of 20 adult IP psychiatric beds at its existing facility in Leland, NC.

SBC Wilmington will obligate and commit \$54,450 from Cash and cash equivalents to fund the capital costs associated with start-up of the proposed 20-bed adult IP psychiatric unit.”

Exhibit 26 contains the consolidated financial statements for Strategic Behavioral Health, LLC and Subsidiaries for the year ended December 31, 2013. As of December 31, 2013, the consolidated financial statements show the company had \$2,271,076 in cash and cash equivalents and \$56,534,975 in total member’s equity (total assets less total liabilities). The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

In the pro forma financial statements (Form B), the applicants project revenues will exceed expenses in each of the first three operating years, as shown below:

SBC LELAND – ENTIRE FACILITY

	CY 2016 YEAR 1	CY 2017 YEAR 2	CY 2018 YEAR 3
Total Net Revenue	\$17,369,828	\$18,435,362	\$18,505,119
Total Expenses	\$13,528,579	\$13,982,282	\$14,240,044
Net Income (Loss)	\$ 3,841,249	\$ 4,453,080	\$ 4,265,074

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. 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 proposes to add 20 adult inpatient psychiatric beds to the existing psychiatric facility by deleting 18 PRTF beds, for a total of 20 child/adolescent inpatient psychiatric beds, 20 adult inpatient psychiatric beds, and 54 PRTF beds upon project completion. SBC Leland currently operates 20 child/adolescent inpatient psychiatric beds and 72 PRTF beds. SBC Leland is the only provider of inpatient psychiatric services located in Brunswick County.

On page 368, the 2015 SMFP defines the service area for inpatient psychiatric beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located.*” Thus, the service area consists of Brunswick, Carteret, New Hanover, Onslow and Pender counties. Facilities may serve residents of counties not included in their service area.

In Chapter 15, pages 370-371, the 2015 SMFP lists the inventory of adult inpatient psychiatric beds statewide, excluding those in state hospitals. There are a total of 1,699 adult inpatient psychiatric beds, excluding beds in State Hospitals, in the state. However, in the CoastalCare LME-CMO, which is the applicant’s proposed service area, there are two hospitals with a total of 57 staffed adult inpatient psychiatric beds, as shown in the following table:

FACILITY	COUNTY	# STAFFED ADULT IP PSYCHIATRIC BEDS	ADULT IP PSYCHIATRIC DAYS OF CARE	UTILIZATION
Brynn Marr Hospital	Onslow	12	5,474	124.9%
New Hanover Regional Medical Center	New Hanover	45	13,649	83.1%
Total		57	19,123	91.9%

Source: 2015 SMFP, 2015 Licensure Renewal Applications

Of the 1,699 adult inpatient psychiatric beds in North Carolina, excluding beds in State Hospitals, only 90 or 5.3% ($90 / 1,699 = 0.053$) are located in the applicant’s service area, and those beds reported an average 91.9% utilization for FY 2014. In addition, on June 30, 2015 the Agency issued a certificate of need to Brynn Marr Hospital to increase the number of child/adolescent inpatient psychiatric beds. In that application, Brynn Marr reported a six month utilization rate for its adult inpatient psychiatric beds of 85.3% [$1,869$ actual days of care / $2,190$ possible days of care = 0.8534].

In Section III.1, pages 52 – 57, the applicant discusses the adult inpatient psychiatric bed need methodology published in the 2015 SMFP. The applicant states the actual demand for adult inpatient psychiatric beds has in fact outpaced projections published in the SMFP since approximately 2009.

In Section V, page 76, the applicant states the development of the adult inpatient psychiatric beds as proposed will have a positive impact on existing services, because it will reduce the wait times for patients seeking admission to an inpatient psychiatric facility and decrease the burden on overwhelmed emergency departments in the service area. Additionally, with regard to the Federal Mental Health Parity Laws and the Affordable Care Act, the applicant states the development of the 20 adult inpatient psychiatric beds will lessen the demand on existing hospitals to provide these services. The applicant states the development of these beds as proposed will create access to adult inpatient psychiatric services for patients who are currently unable to access services due to a lack of available beds.

Therefore, the applicant adequately demonstrates that the proposed project will not result in unnecessary duplication of existing or approved adult inpatient psychiatric services. 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

In Section VII.2, pages 91 - 92, the applicant provides the projected number of full-time equivalent (FTE) positions, as illustrated in the tables below:

Proposed Administrative Staff, SBC Leland

POSITION	# FTES
Accounts Receivable	3.0
Administrative Support	1.0
CEO	1.0
Community Liaison	2.0
Controller	1.0
Cook	7.0
Environmental Services Tech	3.0
EOC & Safety Director	1.0
Executive Assistant	1.0
Financial Counselor	1.0
HR Director	1.0
HR Support	1.0
Maintenance Technician	3.0
Medical Records Support	1.0
Payroll/AP/AR/Purchasing	1.0
QA Risk Management Support	2.0
Receptionist	6.0
Staffing Coordinator	1.0
UR Director/Manager	1.0
UR Nurse	3.0
Total	41.0

Proposed PRTF Staff, SBC Leland

POSITION	# FTEs
Charge RN	1.0
Clinical Director	1.0
Education Manager	1.0
Infection Control	1.0
Licensed Clinician	7.0
Licensed Recreational Therapist	2.0
LPN	7.0
Mental Health Technician	77.5
Mental Health Technician II	8.0
Milieu Director	1.0
Milieu Manager	3.0
Director of Nursing	1.0
Program Support	1.0
RN	9.8
Teacher	6.0
Total	127.3

Proposed C/A and Adult Staff, SBC Leland

POSITION	# FTEs C/A	# FTEs ADULT
Administrative Assessment Prof.	3.0	2.8
Charge RN	0.0	1.0
Community Counselor	0.0	3.5
Financial Counselor	0.0	1.0
Licensed Clinician	2.4	2.0
Licensed Recreational Therapist	1.0	1.0
Medical Records Support	1.0	1.0
Mental Health Technician	16.2	13.0
Mental Health Technician II	4.0	0.0
Milieu Manager	1.0	0.0
Program Support	1.0	0.0
RN	7.0	8.0
UR Specialist	1.0	0.0
Total	37.6	33.3

The applicant projects a total of 239.2 FTEs for the hospital following the addition of the 20 adult inpatient psychiatric beds.

In Section VII.3, pages 94 - 96, the applicant describes SBC Leland's experience and procedures for recruiting and retaining personnel. On page 98, the applicant describes the training and continuing educational opportunities. In Section VII.8, page 99, and in Exhibit 15, the applicant identifies Dr. Jeremy E. Revell as the Hospital Medical Director of SBC Leland; and Dr. Robert B. Adams as the Facility Medical Director. Exhibit 15 contains signed letters from each physician dated March 5, 2015 expressing his intent to continue as the Medical Director at SBC Leland. Exhibit 15 also contains a copy of each physician's curriculum vitae. The applicant demonstrates the availability of adequate health manpower and administrative

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.9, page 25, the applicant lists the proposed providers of the necessary ancillary and support services. Exhibit 4 contains a letter of support from CoastalCare LME-MCO. Exhibit 28 contains letters of support from area physicians and other health care providers. Exhibit 11 contains a signed transfer agreement with New Hanover Regional Medical Center. The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare 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 (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 Section VI.11, page 88, the applicant provides the payor mix during CY 2014 for the existing facility, as illustrated in the table below.

PAYOR	PATIENT DAYS AS PERCENT OF TOTAL		
	C/A IP PSYCHIATRIC BEDS	ADULT IP PSYCHIATRIC BEDS	PRTF BEDS
Self Pay/Indigent/Charity	0.0%	--	0.0%
Medicare/Medicare Managed Care	0.0%	--	0.0%
Medicaid	84.7%	--	89.8%
Commercial Insurance	15.3%	--	10.2%
Total	100.0%	--	100.0%

As illustrated in the table above, 84.7% of all inpatient psychiatric days of care and 89.8% of all PRTF services were paid for by Medicaid.

The Division of Medical Assistance (DMA) maintains a website which provides the number of persons eligible for Medicaid in North Carolina, and estimates the percentage of uninsured people for each county. The following table illustrates those percentages for Brunswick County and statewide.

	2010 Total # of Medicaid Eligibles as % of Total Population *	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *	2008-2009 % Uninsured (Estimate by Cecil G. Sheps Center) *
Brunswick County	7%	2.8%	19.8%
Statewide	17%	6.7%	19.7%

*More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group does not typically utilize the same health services at the same rate as the adults proposed to be served. Moreover, as shown in the first table above, almost 90% of the facility's PRTF patients are Medicaid recipients and almost 85% of the child/adolescent inpatient psychiatric patients are Medicaid recipients.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicant's 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, handicapped persons or women utilizing health services.

The applicants demonstrated that medically underserved population currently have adequate access to the services offered at SBC Leland. 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.10, page 87, the applicant states:

“SBC [Leland] does not have any public obligations under applicable Federal Regulations or agreements to provide uncompensated care, community services, or access to care by medically underserved, minorities or handicapped persons.”

The applicant further states on page 78, that SBC Leland does not discriminate based on race, religion, ethnicity, sex, age, handicap condition or a person's ability to pay. In Section VI.7, page 85, the applicant discusses its charity care policy. In Exhibit 17, the applicant provides a copy of SBC Leland's charity care policy. In Section VI.9,

page 87, the applicants state that no civil rights complaints were filed against any facilities or services owned, managed or operated by SBH, the parent company of SBC Leland, in 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; and

C

In Section VI.12, page 88, the applicants provide the projected payor mix during the second year of operation following project completion, which is shown in the following table.

Projected Payor Mix, Calendar Year 2017

PAYOR	PATIENT DAYS AS PERCENT OF TOTAL		
	C/A IP PSYCHIATRIC BEDS	ADULT IP PSYCHIATRIC BEDS	PRTF BEDS
Self Pay/Indigent/Charity	0.0%	5.0%	0.0%
Medicare/Medicare Managed Care	0.0%	35.0%	0.0%
Medicaid	84.7%	11.0%	89.8%
Commercial Insurance	15.3%	49.0%	10.2%
Total	100.0%	100.0%	100.0%

The applicant demonstrates that medically underserved populations will continue to have adequate access to the services offered at SBC Leland. 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.8, pages 86 - 87, the applicant describes the range of means by which a person will have access to SBC Leland's services, including walk-in, self-referral, physician referral, hospital emergency departments, court referral, school and family referral. The applicant adequately demonstrates that the facility will offer a range of means by which patients will have access to the proposed services. 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, page 73, the applicant identifies the health professional training programs with which SBC Leland has established relationships, which are listed below:

- Campbell University
- Cape Fear Community College
- Liberty University
- Miller Motte College
- Nova Southeastern University
- University of North Carolina at Wilmington
- Vanderbilt University

Exhibit 19 contains copies of some of the clinical training agreements that are currently in place between the facility and the institutions listed above. The information provided is reasonable and credible and supports a finding of conformity 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

The applicant proposes to add 20 adult inpatient psychiatric beds to the existing psychiatric facility and to delete 18 PRTF beds, for a total of 20 child/adolescent inpatient psychiatric beds, 20 adult inpatient psychiatric beds, and 54 PRTF beds upon project completion. SBC Leland currently operates 20 child/adolescent inpatient psychiatric beds and 72 PRTF beds. SBC Leland is the only provider of inpatient psychiatric services located in Brunswick County.

2015 SMFP shows that in the CoastalCare LME-CMO, which is in the applicant's proposed service area, there are two hospitals with a total of 57 staffed adult inpatient psychiatric beds, as shown in the following table:

FACILITY	COUNTY	# STAFFED ADULT IP PSYCHIATRIC BEDS	ADULT IP PSYCHIATRIC DAYS OF CARE	UTILIZATION
Brynn Marr Hospital	Onslow	12	5,474	124.9%
New Hanover Regional Medical Center	New Hanover	45	13,649	83.1%
Total		57	19,123	91.9%

Source: 2015 SMFP, 2015 Licensure Renewal Applications

There are 90 adult inpatient psychiatric beds located in the applicant's identified service area, and those beds reported an average 91.9% utilization for FY 2014.

In Section V.6, pages 76 - 77, the applicant discusses how any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services.

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in the application is reasonable and adequately demonstrates that any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need for the project and that it is a cost-effective alternative. The discussions regarding cost effectiveness, analysis of need and alternatives found in Criteria (1), (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates that it will continue to provide quality services. The discussions regarding quality found in Criteria (1) and (20) are incorporated herein by reference.
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (1) and (13) are incorporated herein by reference.

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

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission

of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by Strategic Behavioral Health in North Carolina. 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.

C

The application is conforming to all applicable Criteria and Standards for Psychiatric Beds promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

10A NCAC 14C .2602 INFORMATION REQUIRED OF APPLICANT

- (a) *An applicant proposing to establish new psychiatric beds shall project resident origin by percentage by county of residence. All assumptions and the methodology for projecting occupancy shall be stated.*

-C- In Section III.5, page 65, the applicant provides the projected patient origin for its inpatient psychiatric services for the first two full fiscal years, following project completion, as illustrated in the table below.

COUNTY	OPERATING YEAR ONE (CY 2016)		OPERATING YEAR TWO (CY 2017)	
	# PATIENTS	% OF TOTAL	# PATIENTS	% OF TOTAL
Brunswick	128	20.3%	156	20.3%
New Hanover	112	17.8%	137	17.8%
Onslow	105	16.6%	128	16.6%
Carteret	83	13.1%	101	13.1%
Pender	32	5.0%	39	5.0%
Sampson	77	12.1%	94	12.1%
Columbus	59	9.3%	72	9.3%
Bladen	36	5.8%	45	5.8%
Total	631	100.0%	771	100.0%

- (b) *An applicant proposing to establish new psychiatric beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the*

proposed project, including average length of stay. All assumptions and the methodology for projecting occupancy shall be stated.

- C- In Section IV, pages 70 - 71, the applicant provides the projected utilization and the occupancy level for the existing and proposed inpatient psychiatric beds for each of the first eight calendar quarters following project completion, including the average length of stay. The assumptions and methodology used are stated in Section III.1, pages 43 – 57, and Section IV, pages 70 - 72. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (c) *The applicant shall provide documentation of the percentage of patients discharged from the facility that are readmitted to the facility at a later date.*
- C- In Section II, page 28, the applicant states SBC Leland does not currently operate adult inpatient psychiatric beds, and thus does not have a readmission rate. However, the applicant states that the readmission rate in CY2014 for child/adolescent inpatient psychiatric services was 2.3%.
- (d) *An applicant proposing to establish new psychiatric beds shall describe the general treatment plan that is anticipated to be used by the facility and the support services to be provided, including provisions that will be made to obtain services for patients with a dual diagnosis of psychiatric and chemical dependency problems.*
- C- See Section II.2, pages 14 - 21, for the psychiatric inpatient services to be provided. See Section II.3, page 22, for support services, and Section II.4, page 22, for provision for dual diagnosis patients. In Section II.8, page 24, and Exhibit 6, the applicant describes the general treatment plan that will be used by SBC Leland.
- (e) *The applicant shall document the attempts made to establish working relationships with the health care providers and others that are anticipated to refer clients to the proposed psychiatric beds.*
- C- Exhibit 4 contains a letter of support from CoastalCare, the LME for SBC Leland’s service area. Exhibits 9 and 10 contain lists of referral agencies that have and will continue to refer to SBC Leland. Exhibit 28 contains letters of support from referring physicians and New Hanover Regional Medical Center.
- (f) *The applicant shall provide copies of any current or proposed contracts or agreements or letters of intent to develop contracts or agreements for the provision of any services to the clients served in the psychiatric facility.*
- C- In Section II.1, page 29, the applicant lists the LME-MCOs with which it has contracts for acute and PRTF services.

- (g) *The applicant shall document that the following items are currently available or will be made available following completion of the project:*
- (1) *admission criteria for clinical admissions to the facility or unit;*
- C- Admission criteria for clinical admissions to SBC Leland are provided in Section II.1, page 30.
- (2) *emergency screening services for the targeted population which shall include services for handling emergencies on a 24-hour basis or through formalized transfer agreements;*
- C- In Section II.1, page 30, the applicant states that emergency services are provided on a 24-hour basis, seven days per week, 365 days per year.
- (3) *client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan;*
- C- In Section II.1, pages 30 - 31, the applicant provides the client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan.
- (4) *procedures for referral and follow-up of clients to necessary outside services;*
- C- In Section II.1, page 32, the applicant provides SBC Leland's procedures for referral and follow-up of clients to necessary outside services.
- (5) *procedures for involvement of family in counseling process;*
- C- In Section II.1, page 32, the applicant provides SBC Leland's procedures for involvement of family in the counseling process.
- (6) *comprehensive services which shall include individual, group and family therapy; medication therapy; and activities therapy including recreation;*
- C- In Section II.2, page 32, the applicant describes the existing comprehensive services which include intervention by psychiatrists, social workers, and 24 hour nursing care. Additionally, weekly patient and family therapy, daily process groups, and other services are provided.
- (7) *educational components if the application is for child or adolescent beds;*
- C- In Section II.1, page 22, and Section II.2, page 32, the applicant describes the educational components provided for child and adolescent inpatient psychiatric patients.

(8) *provision of an aftercare plan; and*

-C- In Section II.2, page 33, the applicant describes SBC Leland's existing aftercare plan.

(9) *quality assurance/utilization review plan.*

-C- In Section II.1, pages 33 – 34, the applicant describes the quality assurance/utilization review plan in place at SBC Leland. In addition, in Exhibit 8, the applicant provides a copy of SBC Leland's Quality Management Plan.

(h) *An applicant proposing to establish new psychiatric beds shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.*

-C- SBC Leland is an existing facility, and the proposed project involves the development of 20 adult inpatient psychiatric beds in existing space in the existing facility on its current site.

(i) *An applicant proposing to establish new psychiatric beds shall provide documentation to show that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.*

-C- In Section II.1, page 34, and Exhibit 12, the applicant states that the facility will meet the requirements of 10A NCAC 27G .0300.

(j) *An applicant proposing to establish new adult or child/adolescent psychiatric beds shall provide:*

(1) *documentation that adult or child/adolescent inpatient psychiatric beds designated for involuntary admissions in the licensed hospitals that serve the proposed mental health planning area were utilized at less than 70 percent for facilities with 20 or more beds, less than 65 percent for facilities with 10 to 19 beds, and less than 60 percent for facilities with one to nine beds in the most recent 12 month period prior to submittal of the application; or*

(2) *a written commitment that the applicant will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103 for designation of the facility, in which the new psychiatric beds will be located, for the custody and treatment of involuntary clients, pursuant to G.S. 122C-252.*

-C- Exhibit 13 contains a letter dated March 25, 2015 from the Chief Executive Officer of SBC Leland which states that the facility will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103.

.2603 PERFORMANCE STANDARDS

(a) *An applicant proposing to add psychiatric beds in an existing facility shall not be approved unless the average occupancy over the six months immediately preceding the submittal of the application of the total number of licensed psychiatric beds within the facility in which the beds are to be operated was at least 75 percent.*

-C- In Section II.1, page 36, the applicant states that the average occupancy rate over the six months immediately preceding the submittal of the application of the child/adolescent inpatient psychiatric beds was 98.3%.

(b) *An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.*

-C- In Section IV, page 71, the applicant projects that the occupancy rate of the total number of inpatient psychiatric beds will be 96.3% during the fourth quarter of the second operating year following completion of the project. The applicant's assumptions and methodology used to project utilization of the psychiatric beds are provided in Section III.1, pages 43 – 57, and Section IV, pages 69 - 72. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

.2605 STAFFING AND STAFF TRAINING

(a) *A proposal to provide new or expanded psychiatric beds must provide a listing of disciplines and a staffing pattern covering seven days per week and 24 hours per day.*

-C- In Section VII.5, pages 91 - 92, and page 97, the applicant provides a list of disciplines and a daily staffing pattern for SBC Leland's inpatient psychiatric beds.

(b) *A proposal to provide new psychiatric beds must identify the number of physicians licensed to practice medicine in North Carolina with a specialty in psychiatry who practice in the primary service area. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.*

-C- In Section III.1, page 37, the applicant states that there are at least 57 psychiatrists practicing in the SMC Leland primary service area. In addition, in Exhibit 14, the applicant provides a letter from a licensed psychiatrist routinely providing care in SBC Leland's primary service area who specializes in the treatment of children or adolescents. Exhibit 15 contains two letters from the current Facility and Hospital Medical Directors expressing each one's willingness to continue to serve as Medical Director.

- (c) *A proposal to provide additional psychiatric beds in an existing facility shall indicate the number of psychiatrists who have privileges and practice at the facility proposing expansion. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.*
- C- In Section II.1, page 38, the applicants state that SBC Leland has three psychiatrists who have privileges and practice at SBC Leland.
- (d) *A proposal to provide new or expanded psychiatric beds must demonstrate that it will be able to retain the services of a psychiatrist who is eligible to be certified or is certified by the American Board of Psychiatry and Neurology to serve as medical director of the facility or department chairman of the unit of a general hospital.*
- C- Exhibit 15 contains two letters from the current Facility and Hospital Medical Directors, Dr. Jeremy Revell and Dr. Robert Adams, expressing each one's willingness to continue to serve as Medical Director. Exhibit 3 also contains a copy of each doctor's curriculum vitae.
- (e) *A proposal to provide new or expanded psychiatric beds must provide documentation to show the availability of staff to serve involuntary admissions, if applicable.*
- C- In Section II.1, page 38, the applicant states it will accept involuntary admissions and will staff accordingly to accommodate such admissions. In Section VII, pages 89 – 92, and 97, the applicant provides the current and projected staffing to serve involuntary admissions.
- (f) *A proposal to provide new or expanded psychiatric beds must describe the procedures which have been developed to admit and treat patients not referred by private physicians.*
- C- In Section II.1, pages 39 - 40, the applicant describes the procedures developed to admit and treat patients, including those not referred by private physicians.
- (g) *A proposal to provide new or expanded psychiatric beds shall indicate the availability of training or continuing education opportunities for the professional staff.*
- C- In Section II.1, page 41, the applicant states that training for new staff as well as continuing education opportunities for existing staff will continue to be available at SBC Leland.