ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

Decision Date:	July 31, 2015
Findings Date:	July 31, 2015
Project Analyst:	Bernetta Thorne-Williams
Assistant Chief:	Martha J. Frisone
Project ID #:	K-11029-15
Facility:	Maria Parham Medical Center
FID #:	943326
County:	Vance
Applicants:	DLP Maria Parham Medical Center, LLC
Project:	Add 11 new acute care beds pursuant to the need determination in the 2015 State Medical Facilities Plan for a total of 102 acute care 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, DLP Maria Parham Medical Center, LLC (MPMC), proposes to add 11 new acute care beds. MPMC is currently licensed for 91 acute care beds which are located in Henderson, in Vance County. Following completion of the project, MPMC will be licensed for 102 acute care beds.

Need Determination

The 2015 State Medical Facilities Plan (SMFP) identified a need for 11 new acute care beds in the Vance-Warren service area. On pages 46-47, the 2015 SMFP states:

"Any qualified applicant may apply for a certificate of need to acquire the needed acute care beds. A person is a qualified applicant if he or she proposes to operate the additional acute care beds in a hospital that will provide:

1. *a 24-hour emergency services department,*
2. *inpatient medical services to both surgical and non-surgical patients, and*
3. *if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid Services (CMS)* [listed on page 47 of the 2015 SMFP]*."*

MPMC currently operates a 24-hour emergency services department. In Exhibit 15, the applicant provides the number of patient days of care by major diagnostic category (MDC) provided at MPMC during CY2014. MPMC provided services in all 25 MDCs listed in the 2015 SMFP. Therefore, the applicant adequately demonstrates that it will provide medical and surgical services in at least five MDCs recognized by CMS. MPMC adequately demonstrates that it provides inpatient medical services to both surgical and non-surgical patients. Thus, the applicant is a qualified applicant and the application is consistent with the need determination in the 2015 SMFP for 11 acute care beds in Vance and Warren counties.

Policies

Additionally, the following two policies are applicable to this review; Policy GEN-3: Basic Principles and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.

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.7(a), page 21, Section III.2, pages 53-54, Section V.7, page 80 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 III.2, page 54, Section VI, pages 82-88, Section V.7, page 81 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.2, page 55, Section V.7, page 80, 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 that the proposed project will promote safety and quality, promote equitable access to medically underserved groups and maximize healthcare value. Therefore, the application is consistent with Policy GEN -3.

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

> *"Any person proposing a capital expenditure greater than $2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.*
>
> *In approving a certificate of need proposing an expenditure greater than $5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

The applicant states the proposed project will conform to or exceed the energy efficiency and water conservation standards incorporated in the latest edition of the North Carolina State Building Codes in Section III.2, pages 55-56. In Section XI.7, page 125, the applicant describes the methods that will be used maintain energy efficiency and conserve water. See Exhibit 31 for additional information on MPMC's energy conservation strategies.

The applicant adequately demonstrates the proposal includes a plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

Conclusion

In summary, the applicant adequately demonstrated the proposed application is consistent with the need determination in the 2015 SMFP. Additionally, the application is consistent with Policy GEN-3 and Policy GEN-4 and is conforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, DLP Maria Parham Medical Center Hospital, LLC is a limited liability Corporation with two members, DLP Healthcare, LLC and Maria Parham Medical Center, Inc. DLP Healthcare, LLC is owned by LifePoint Hospitals, Inc. and Duke University Health System, Inc. MPMC is the only existing acute care hospital in the Vance-Warren service area and currently licensed for 91 acute care beds which are located in Vance County.

In this application, MPMC proposes to add 11 telemetry equipped acute care beds and renovate 5,362 square foot of existing space. The proposed space is located on the second floor of the hospital's original tower and once served as the ICU unit. The space is currently being used as training space, therefore, no services will need to be relocated as a part of the proposed renovations. Upon completion of the proposed project, MPMC will be licensed for 113 beds (102 acute care beds and 11 rehabilitation beds).

Population to be Served

On page 48, the 2015 SMFP defines the service area for MPMC as Vance and Warren counties. Thus, the service area for this facility consist of Vance and Warren counties. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical patient origin for services at MPMC including data for the proposed service component (inpatient acute care services), as reported by the applicant in Section III.4(a) and (b), page 59.

Historical Patient Origin

2014*			FFY 2014**		
County	**All Visits**	**% of Total**	**County**	**Inpatient Services**	**% of Total**
Vance	66,880	65.2%	Vance	2,934	59.1%
Warren	19,672	19.2%	Warren	920	18.5%
Granville	7,289	7.1%	Granville	379	7.6%
Franklin	3,548	3.5%	Franklin	253	5.1%
Other***	5,149	5.0%	Other***	476	9.6%
Total	102,538	100.0%	Total	4,962	100.0%

*Data from MPMC internal data
**Data from MPMC 2015 LRA
***Other includes: Halifax, Wake, Nash and Mecklenburg County, VA.

In Section III.5, page 62, the applicant provides its projected patient origin for acute inpatient services for the first two years of operation following the completion of the project, as illustrated in the table below.

Projected Patient Origin PY 1 (2017) & PY 2 (2018)		
County	**Inpatient Services**	**% of Total**
Vance	7,146	56.4%
Warren	2,241	17.7%
Granville	923	7.3%
Franklin	1,196	9.4%
*Other	1,159	9.2%
Total	12,665	100.0%

*Other includes: Halifax, Wake, Nash and, Mecklenburg County, VA.

As illustrated in the table above, the applicant projects that its patient origin will remain the same for the first two years of operation following completion of the proposed project. See Exhibit 32, for additional information concerning patient origin.

The applicant adequately identified the population proposed to be served.

Analysis of Need

In Section III.1(a), pages 36-46, the applicant states the need for 11 additional acute care beds is based on the on the following factors:

- Increase in inpatient admissions
- Aging population
- High prevalence of chronic disease
- Increase in acute inpatient dialysis admissions
- Increase in admissions from the Emergency Department
- High number of Emergency Department bed holds

Each factor is briefly described below.

Increase in Inpatient Admissions

In Section III.1(a), page 37, the applicant states part of the increase in inpatient services at MPMC stems from the reduction of acute care beds from 70 beds to 2 beds at Novant Health Franklin Medical Center (NHFMC) in October of 2014. The applicant further states that after the bed reduction at NHFMC, the facility ceased to admit patients for inpatient care. Thereby resulting in the need for the population of Franklin County, approximately 63,000, to seek acute inpatient care services in neighboring counties. The applicant states that MPMC is the closest acute care hospital offering inpatient services to the residents that reside in central and northern Franklin County which includes the

townships of Franklinton, Hayesville, Louisburg, Sandy Creek and Gold Mine. The applicant states on page 37 that according to the data from Neilson / Claritas, in 2015, those five townships comprised 37% of the total county population of Franklin County or 23,000 residents. The applicant further states that those residents residing in the southern portion of Franklin County typically traveled to Wake County for acute care inpatient services. On page 38, the applicant states in FFY 2014 that 18% of Franklin County residents who received inpatient acute care services did so at NHFRMC. On page 38, the applicant also provides the driving distance from NHFMC to nearby hospitals, as shown in the table below.

Travel Distance from NHFMC		
Hospital	**Distance (Miles)**	**Drive Time (minutes)**
Maria Parham	21	28
Nash General	34	38
Duke Raleigh	30	40
WakeMed	31	43
Rex	35	47
Duke University	45	54

Based on its proximity, the applicant concludes that many of the patients previously admitted to NHFMC will likely seek inpatient acute care services at MPMC. On page 38, the applicant stated that in FFY 2013, NHFMC had 1,181 acute care admissions, 4,272 acute days of care and an average daily census (ADC) of 11.7.

Aging Population

In Section III.1(a), page 39, the applicant states Vance County and Warren County make-up the primary service area for MPMC. The applicant reports that according to its 2015 LRA, 77% of the admissions at MPMC were from residents of Vance County and Warren County. The applicant states on page 40, that Vance County and Warren County have and will continue to have a higher median age than the rest of the state, as illustrated in the table below.

Area	***2015***	***2019***
Vance	*39.1*	*39.3*
Warren	*45.4*	*45.8*
Vance-Warren	*41.1*	*41.3*
State	*38.3*	*39.0*

The applicant further states on page 40, that Vance and Warren counties have a higher percentage of residents age 65+. With both counties 65+ population growing at a faster rate than state averages, however, the applicant states the growth rate for the 65+ population will slow over the next five years. The applicant states that the 65+ population tend to use health services at a higher rate than rest of the population. The applicant provides a table on page 41, that illustrates the estimated acute inpatient use rate for the population 65+ based on Medicare days of care as it compares to the under 65 population based on non-Medicare days of care.

High Prevalence of Chronic Disease

In Section III.1(a), page 41, the applicant provides data from the University of Wisconsin, which compiled health statistics, by county for health outcome factors. According to this study, Vance and Warren counties ranked 96 and 85 out of the 100 counties in North Carolina, respectively, placing them at the bottom of the state in health outcomes. Additionally, on page 41, the applicant states that Vance and Warren counties ranked 97 and 90 out of 100 counties for health factors related to social factors, behaviors and physical environment. The applicant states that these factors will continue to increase the demand for services at MPMC, including acute inpatient care services. See Exhibit 19 for a copy of the study by the University of Wisconsin.

Increase in Acute Inpatient Dialysis Admissions

In Section III.1(a), page 42, the applicant states that MPMC began offering inpatient hemodialysis services in 2012. The applicant states that MPMC has seen growth in the number of patients that require acute inpatient dialysis services. The applicant concludes that this growth, in part, can be attributed to the high prevalence of patients on dialysis within Vance and Warren counties. The applicant provides a table on page 42 which illustrates that the total population for the Vance-Warren service area in 2014 was 65,321 of which 260 were dialysis patients. On page 43, the applicant states the Vance-Warren service area prevalence of dialysis patients is growing at a faster rate than that of the rest of the state, as illustrated in the table below.

County	***2011 Dialysis Cases per 1000 Population***	***2014 Dialysis Cases per 100 Population***	***2011-2014 CAGR***
	a	*b*	*c*
Vance	*3.52*	*3.78*	*2.41%*
Warren	*2.77*	*4.42*	*16.81%*
Vance-Warren Total	*3.29*	*3.98*	*6.61%*
NC Total	*1.48*	*1.55*	*1.43%*

Source:

a) 2011 Dialysis Cases (data from Southeastern Kidney Council) / 2011 Area Population (data from NC OSBM) / 1000

b) 2014 Dialysis Cases (data from Southern Kidney Council) / 2014 Area Population (data from NC OSBM) / 1000
c) 2011 – 2014 Compound Annual Growth Rate

The applicant states on page 43, that if the present trend continues, MPMC will add 55 dialysis patients by 2017. The applicant states that according to information published by the US Rental Data System patients on dialysis required hospitalization on average 1.79 times a year during 2011–2012. (See Exhibit 20 for a copy of Chapter 4 of the US Rental Data System Report.) The applicant concludes that the higher rate of patients in need of acute inpatient dialysis services in conjunction with the higher prevalence of residents in the Vance-Warren service area could potentially mean an increase of 98 inpatient admissions per year by 2017.

The applicant states on page 43, that MPMC experienced an increase in the number of inpatient dialysis treatments, as illustrated in the table below.

Inpatient Dialysis Treatments at MPMC

Year	***2012***	***2013***	***2014***	***Average Annual Change***
Number of Inpatient Hemodialysis Treatments	*323*	*460*	*596*	*136.5*

Increase in Admissions from the Emergency Department

In Section III.1(a), page 44, the applicant states that in FFY 2014, 69% of admissions to MPMC originated from visits to the emergency department (ED), as illustrated in the table below.

	Federal Fiscal Year					
	2010	2011	2012	2013	2014	CAGR
ED visits	34,274	36,220	36,538	40,503	37,049	1.97%
ED admissions	2,442	2,453	2,543	3,068	3,471	9.19%
% admitted from ED	7.12%	6.77%	6.96%	7.57%	9.37%	7.11%

The applicant further states on page 44, that when MPMC is operating at high inpatient occupancy, the rise in admissions from the ED can contribute to a bottleneck in the ED as the hospital has to wait for a bed to become available.

High Number of Emergency Department Bed Holds

In Section III.1(a), page 45, the applicant states that MPMC's ED does not have the space to hold patients that need to be admitted to the hospital until a room becomes available. The applicant states that it is common for the hospital to be forced to divert EMS to transport patients to other facilities because of a backlog of available space in the ED at

MPMC. The applicant states that this practice puts unnecessary stress on patients by requiring them to travel further for emergency and inpatient care. The applicant states on page 45, that MPMC refers to patients that wait longer than two hours in the ED as a bed-hold. The applicant reports on page 45, that in 2014 a total of 2,897 patients were held in the ED for longer than two hours before being moved to an inpatient bed. The applicant states that the average wait time for those patients to be admitted was 6.83 hours. Additionally, the applicant reports that 491 patients waited longer than 12 hours. In Section III.1(a), page 45, the applicant provides the number of patients by month that experienced wait times in the ED prior to admittance to an inpatient bed at MPMC during 2014, as shown in the table below.

Month	***Patients Waiting Over 2 Hours***	***Patients Waiting Over 12 Hours***
January	*278*	*72*
February	*296*	*71*
March	*278*	*54*
April	*200*	*18*
May	*211*	*9*
June	*162*	*9*
July	*130*	*5*
August	*261*	*14*
September	*284*	*52*
October	*211*	*17*
November	*220*	*37*
December	*366*	*133*
Total	***2,897***	***491***

Additionally, on page 46, the applicant provides the total ED wait time for patients seeking admissions to specific units within MPMC, as illustrated in the table below.

Unit	***Total Patients on Bed Hold***	***Total Hours on Bed Hold***	***Total Hours Per Patient***	***Patients Waiting Over 12 Hours***
ICU	*222*	*1,301*	*5.86*	*25*
MED	*891*	*6,049*	*6.79*	*151*
PCU	*1,482*	*10,667*	*7.20*	*274*
SURG	*279*	*1,666*	*5.97*	*39*
[Women & Infant]	*23*	*115*	*5.01*	*2*
Total	***2,897***	***19,798***	***30.83***	***491***

The applicant states on page 46, that the addition of 11 inpatient acute care beds would provide relief to the overcrowding and long wait times in the emergency department. It could also allow for faster triage time and quicker admission for those patients that

require acute inpatient services. Additionally, the addition of the new acute care beds would reduce the frequency of having to divert patients to other facilities.

Projected Utilization

The applicant describes the assumptions and methodology used to project utilization in Section III.1(b), pages 47-50. The applicant makes the following three assumptions:

- *"No other facility in the Vance-Warren Service Area will provide inpatient services*
- *MPMC will absorb some of the inpatient volume that Franklin Regional Medical Care would have served*
- *MPMC will maintain recent growth of inpatient admissions for the reasons outlined in Section III.1(a)"*

The applicant's ten step methodology is summarized below:

Step 1

"Calculate the … CAGR of Acute Inpatient Days of Care from 2010 to 2014 for the Vance Warren Service Area, not including additional days of care from Franklin County. Determine the Number of acute inpatient days of care for each of the last five years for the Vance-Warren service area. Calculate the CAGR using the following formula: (2014 Acute Days / 2010 Acute Days) ^ (1/(4 years)) - 1.

Acute Inpatient Days of Care – Vance-Warren Service Area

	CY 2010	***CY 2011***	***CY 2012***	***CY 2013***	***CY 2014***	***2010-2014 CAGR***
Acute Inpatient Days of Care	*17,482*	*18,084*	*18,555*	*21,398*	*21,128*	*4.85%*

Source: 2010-2012 data from 2012-2014 SMFPs … 2013 and 2014 data provided by MPMC

Step 2

Calculate the projected number of acute inpatient days for the Vance-Warren service area, not including additional days of care from Franklin County. Multiply 2014 acute care inpatient days of care by 1+ CAGR to project 2015 Acute Inpatient Days. Multiply each projected year by 1+ the CAGR to project the following year's acute inpatient days of care."

Projected Acute Inpatient Days of Care – Vance-Warren Service Area

	2015	***2016***	***2017***	***2018***	***2019***
Acute Inpatient Days of Care	*22,153*	*23,227*	*24,353*	*25,534*	*26,773*

Step 3

The applicant calculates the CAGR for the Franklin County service area using the same method used in Step 1 to calculate the acute inpatient days of care at NHFMC based on the information provided in 2012-2015 SMFPs and the 2015 LRA for the hospital.

Step 4

The applicant used the method in Step 2 to project the number of acute inpatient days of care for the Franklin Service Area.

Projected Acute Inpatient Days of Care – Franklin Service Area

	2015	***2016***	***2017***	***2018***	***2019***
Acute Inpatient Days of Care	*3,687*	*3,498*	*3,320*	*3,150*	*2,989*

Step 5

"Determine the percentage of Franklin County Acute Inpatient Days that will shift to Maria Parham beginning in 2015.

According to Neilson Claritas data pulled for Franklin County, 37 percent of Franklin County's population will live in townships in the northern part of the county in 2015. These townships, Franklin, Hayesville, Sandy Creek, Louisburg, and Gold Mine are closer to Maria Parham than other hospitals. These townships also have a population older than the southern Franklin County Townships. ... it is reasonable to assume that 37 percent of the admissions that previously went to Franklin Regional Medical Center in Louisburg will now go to MPMC.

Step 6

Determine the amount of Franklin County Acute Inpatient Days that will be shifted to Maria Parham beginning in 2015. Multiple the projected percentage of acute inpatient days of care moving from Franklin Regional Medical Center to Maria Parham (37%) by the total projected inpatient days of care for Franklin Service Area in Step 4.

Projected Acute Inpatient Days of Care That Will Shift from Franklin Service Area to the Vance-Warren Service Area

	2015	***2016***	***2017***	***2018***	***2019***
Acute Inpatient Days of Care	*1,364*	*1,294*	*1,228*	*1,166*	*1,106*

Step 7

Determine the total Acute Inpatient Days at DLP Maria Parham Medical Center. Add the projected days for the Vance-Warren Service area from step 2 to the projected days shifting from the Franklin Service area to MPMC from Step 6.

Projected Acute Inpatient Days of Care – DLP Maria Parham Medical Center

	2015	***2016***	***2017***	***2018***	***2019***
Acute Inpatient Days of Care	*23,517*	*24,521*	*25,582*	*26,700*	*27,879*

Step 8

Calculate the projected average daily census. Divide the projected acute inpatient days of DLP Maria Parham Medical Center from Step 7 by 365.

Projected Average Daily Census – DLP Maria Parham Medical Center

	2015	***2016***	***2017***	***2018***	***2019***
Average Daily Census	*64.4*	*67.2*	*70.1*	*73.2*	*76.4*

Step 9

Calculate the 2017 bed deficit at MPMC. Multiply the projected average daily census from Step 8 by 15, which is the occupancy factor from the 2015 SMFP (pg.46)."

See Table III.18, page 50, which illustrates that MPMC potentially could need 105 acute care beds by 2017 and 115 acute care beds by 2019.

Step 10

Calculate the 2017 Bed Deficit. Subtract the total licensed beds in Vance-Warren Service area from the total beds needed from Step 9."

Bed Deficit

	2015	***2016***	***2017***	***2018***	***2019***
Beds Needed	*97*	*101*	*105*	*110*	*115*
Total Licensed Beds	*91*	*91*	*91*	*91*	*91*
Bed Deficit	*6*	*10*	*14*	*19*	*24*

Projected utilization is based on reasonable and adequately supported assumptions. The applicant demonstrates that acute inpatient days of care have increased 4.85% annually between CY2010 and CY2014. The applicant projects an ADC of 73.2 patients in CY 2018 (Project Year 2), which is an occupancy rate of 71.8%. This exceeds the 66.7% required by 10A NCAC 14C .3803(a). Exhibit 23 contains letters of support documenting the need for the additional inpatient acute care beds in the Vance-Warren service area. Therefore, the applicant adequately demonstrates the need to add 11 inpatient acute care beds to MPMC in the Vance-Warren service area.

Access

In Section VI.2, page 82, the applicant states that MPMC will continue to provide services, as medically appropriate, to all patients regardless of ability to pay, racial, ethnicity, gender, age, handicap or any other status. In Section VI.14(a), page 94, the applicant projects 10.23% of all hospital patients will be self-pay / indigent / charity care in 2018. The Medicaid percentage is projected to be 18.12%

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 identified the population to be served, demonstrated the need the population has for the project and demonstrated 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.

C

In Section III.3, pages 57-58, the applicant describes four alternatives considered which include the following:

1) Locate Beds in a Different Space – MPMC considered locating the 11 new beds on the 3rd floor of the older hospital tower. However, MPMC rejected this idea because it would have meant displacing other services including dialysis and staff offices.

2) Construct an Addition – MPMC concluded that this alternative was not its best alternative because of the cost associated with adding an addition to the hospital.

3) Seek CON Exemption for New, Unlicensed Observation Beds – the applicant considered developing unlicensed observation beds to offset pressure from increasing inpatient admissions, however, the applicant concluded that this was not a viable option. Observation patients can transition to inpatient status, thereby requiring that the patient from an unlicensed observation bed be moved to a licensed inpatient bed, which is inefficient and may be hard on the patient. Moreover, this alternative would not ultimately alleviate the problem with a shortage of acute inpatient beds.

4) Maintain Status Quo – MPMC considered maintaining the status quo, however, the applicant concluded to do nothing would not be in the best interest of the patients served at MPMC when considering its continued growth due to its aging population and the closing of Franklin Regional Medical Center.

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

The applicant adequately demonstrates that the proposed alternative is the most effective or least costly alternative to add 11 additional acute care beds. The application is conforming to this criterion and approved subject to the following conditions.

1. **DLP Maria Parham Medical Center, LLC shall materially comply with all representations made in the certificate of need application.**

2. **DLP Maria Parham Medical Center, LLC 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. **DLP Maria Parham Medical Center, LLC shall add no more than 11 acute care beds for a total of no more than 102 acute care beds upon project completion.**

4. **Prior to issuance of the certificate of need, DLP Maria Parham Medical Center, LLC 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, pages 107-108, the applicant states that the total capital cost of the project will be $3,372,144, including $2,085,000 for construction contract costs, $293,550 for fixed equipment purchase/lease, $387,035 for movable equipment purchase/lease, $170,000 for architect/engineering fees, $10,000 for legal fees, $60,000 for other (CON preparation), $60,000 for interest during construction, and $306,559 for a 10% contingency. In Section IX, page 115, the applicant states there will be no start-up or initial operating expenses associated with the proposed project. In Section VIII.3, page 109, the applicant states that the project will be funded with accumulated reserves.

Exhibit 25 contains an April 6, 2015 letter signed by the CFO, Eastern Group, which states:

"This letter is to confirm that MPMC plans to utilize cash reserves allocated to the LifePoint's Eastern Group to fund the proposed renovation of existing hospital space to license and make operational 11 new acute care beds. As CFO, Eastern Group, I have the authority to obligate funds up to $4,000,000 (four million) to finance the proposed project subject to our normal and customary internal review process. This amount is sufficient to cover the estimated capital costs and working capital."

Exhibit 27 of the application contains the audited financial statements for LifePoint Hospitals, Inc, for the years ending December 31, 2014 and December 31, 2013. As of December 31, 2014, LifePoint Hospitals, Inc. had $191,500,000 in cash and cash

equivalents and $5,457,000 in total assets and $2,181,900 in total equity (total assets less total liabilities). The applicant adequately demonstrated the availability of sufficient funds for the capital needs of the project.

The applicant provided pro forma financial statements for the first three years of the project for the entire hospital. The applicant projects that hospital revenues will exceed operating expenses in each of the first three full fiscal years, as illustrated in the table below.

DLP Maria Parham Medical Center

	Project Yr 1 2017	Project Yr 2 2018	Project Yr 3 2019
Gross Patient Revenue	$381,849,869	$407,034,306	$434,128,477
Deductions from Gross Patient Revenue	$281,807,860	$303,932,631	$327,816,999
Net Patient Revenue	$100,042,009	$103,101,675	$106,311,477
Total Expenses	$96,510,526	$99,755,950	$103,223,242
Net Income	$5,569,882	$5,445,276	$5,250,772

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 regarding cost and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and 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

On page 48, the 2015 SMFP defines the service area for MPMC as Vance and Warren counties. Thus, the service area for this facility consists of Vance and Warren counties. Facilities may also serve residents of counties not included in their service area.

The 2015 State Medical Facilities Plan identified a need for 11 new acute care beds in the Vance-Warren service area. MPMC is the only hospital located in the Vance-Warren service area. MPMC proposes to add 11 inpatient acute care beds for a total of 102 acute care beds upon project completion. The applicant adequately demonstrates the need for its proposal. The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference.

The applicant adequately demonstrates the project will not result in the unnecessary duplication of existing or approved acute care services in the Vance-Warren service area. 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 proposes to add 11 acute care inpatient beds. In Section VII.1(a)(b), pages 97-98, the applicant provides the salaries and full-time equivalent (FTE) positions for the nursing units impacted by the project. The applicant proposes to add 11.93 FTE positions by the second full fiscal year following completion of the proposed project. See the table below.

	CURRENT FTES	PROJECTED FTES FY 2018
Nursing		
RNs	105.94	114.36
LPNs	1.64	1.64
Aides/Orderlies	33.48	35.59
Other (Nurse Manager)	3.80	3.80
Housekeeping/Laundry		
Manager	0.32	0.32
Aides	7.00	8.40
Total	**152.18**	**164.11**

In Section VII.6(a)(b), page 100, the applicant provides the recruitment and staff retention plan. In Section VII.8(a), page 102, the applicant states Dr. Martin Deal will serve as the medical director. The applicant demonstrated the availability of adequate health manpower and management personnel to provide the proposed services, and 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

The applicant is an existing hospital and provider of the service components proposed in this application. Therefore, the necessary ancillary and support services are currently available. In Section II.2(a), page 18, the applicant describes the availability of the necessary ancillary and support services. Exhibit 7 contains a letter dated March 23, 2015, from the Chief Executive Officer of MPMC, documenting that MPMC currently provides the necessary services and support for the proposed project. Exhibit 7 also contains a letter signed by nine physicians expressing their support for the project. 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.12, page 92, the applicant provides the payor mix during CY2014 for the existing facility, as illustrated in the table below.

Entire Facility % of Total	
Self-Pay/Indigent/Charity	10.33%
Medicare	36.84%
Medicaid	18.33%
Commercial Insurance/Managed Care	34.50%
Total	100.0%

As illustrated in the table above, 55.17% of all acute inpatient days of care was paid for by Medicare or 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 Vance County, Warren 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) *
Vance County	30%	13.41%	22.8%
Warren County	25%	12.69%	23.3%
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 older segments of the population.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 45.9% for those age 20 and younger and 30.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. 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 applicant demonstrated that medically underserved population currently have adequate access to the services offered at MPMC. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section VI.11, page 91, the applicant states MPMC is under no federal, state, or local obligation to provided uncompensated care, community service or care to the medically underserved.

In Section VI.2, page 82, the applicant states that MPMC does not discriminate based on ability to pay, race, ethnicity, gender, age, handicap or any other status. In Section VI.8, page 89, the applicant discusses MPMC's charity care policy. In Section VI.10, page 91, the applicant states that no civil rights complaints were filed against DLP Maria Parham Medical Center, LLC or pervious owners of Maria Parham Healthcare Association 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.14(a), page 94, the applicant provides the projected payor mix for the second full fiscal year (2018) of operations for the entire facility, as illustrated in the table below:

Entire Facility Second Full Fiscal Year 2018 % of Total	
Self-Pay/Indigent/Charity	10.23%
Medicare	37.68%
Medicaid	18.12%
Commercial Insurance/Managed Care	33.97%
Total	100.0%

As illustrated in the table above, the applicant projects virtually no change in the entire hospital's payor mix.

The applicant demonstrates that medically underserved populations would have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section VI.9(a), page 90, the applicant describes the range of means by which a person will have access to MPMC's services, including physician referral, planned admission, transfer from another facility and admissions from the emergency department. The applicant adequately demonstrates that the facility will offer a range of means by which patients will have access to acute inpatient 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 75, the applicant identifies the health professional training programs that MPMC has established relationships with in the service area, which are listed below:

- Vance-Granville Community College
- Brody School of Medicine at East Carolina University
- Duke University

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

On page 48, the 2015 SMFP defines the service area for MPMC as Vance and Warren counties. Thus, the service area for this facility consists of Vance and Warren counties. Facilities may also serve residents of counties not included in their service area.

The 2015 State Medical Facilities Plan identified a need for 11 new acute care beds in the Vance-Warren service area. MPMC is the only provider of acute inpatient services in the Vance-Warren service area and is currently licensed for 91 acute care beds. Upon completion of the proposed project, MPMC would have a total of 102 acute care beds.

The Vance-Warren Service Area is located on the northern border of North Carolina and is contiguous to Granville County, Franklin County and Halifax County. The 2015 SMFP lists the following three acute care facilities located in those counties.

Hospital	County	# of Licensed Acute Inpatient Beds	Distance From MPMC
Franklin Medical Center	Franklin	Acute Inpatient Services Discontinued in October 2014	
Granville Health System	Granville	62	10.6 miles
Halifax Regional Medical Center	Halifax	184	51.0 miles

As illustrated in the table above, there are 246 acute inpatient beds, in counties contiguous to the Vance-Warren service area. According to Google Maps[1], the closest facility geographically to MPMC is Granville Medical Center which is located in Oxford in Granville County.

In Section V.7, pages 80-81, 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 the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

[1] https://www.google.com/maps

- The applicant adequately demonstrates it will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference; and
- The applicant adequately demonstrates it will continue to provide adequate access to medically underserved populations. The discussion regarding access found in Criterion (13) is 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

In Section I.12(b), page 15, the applicant states that it currently owns, leases, or manages no other facilities in North Carolina.

However, in Exhibit 6, the applicant documents that LifePoint Hospitals owns or manages six other hospitals in North Carolina. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, three incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, which could have resulted in sanctions or penalties related to quality of care being imposed on three of the hospitals. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at MPMC, the applicant provided sufficient evidence that quality care has been provided in the past and adequately demonstrated that there is no pattern of substandard quality of care. 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 with all applicable Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800. The specific criteria are discussed below.

SECTION .3800 - CRITERIA AND STANDARDS FOR ACUTE CARE BEDS

10A NCAC 14C .3802 INFORMATION REQUIRED OF APPLICANT

(a) *An applicant that proposes to develop new acute care beds shall complete the Acute Care Facility/Medical Equipment application form.*

-C- MPMC used the Acute Care Facility/Medical Equipment application form.

(b) *An applicant proposing to develop new acute care beds shall submit the following information:*

(1) the number of acute care beds proposed to be licensed and operated following completion of the proposed project;

-C- In Section II.8, page 25, the applicant states MPMC proposes to add 11 beds to its existing 91 acute care beds for a total of 102 licensed acute care beds upon completion of this proposed project.

(2) *documentation that the proposed services shall be provided in conformance with all applicable facility, programmatic, and service specific licensure, certification, and JCAHO accreditation standards;*

-C- In Section II.8, page 25, the applicant states that MPMC is currently conforming with all applicable facility, programmatic, and service specific licensure, certification, and Joint Commission (TJC) accreditation standards. Exhibit 7 of the application contains a letter from the Chief Executive Officer documenting MPMC's current and continued conformance with all the standards mentioned above.

(3) *documentation that the proposed services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies;*

-C- In Section II.8, page 25, MPMC states that the hospital currently conforms to licensure and other requirements relative to the physical environment. The applicant also states that the proposed space for the 11 new acute care beds will also operate within a physical environment that conforms to the requirements of federal, state, and regulatory bodies. See

Exhibit 7 for a letter from HMK Architects PLLC documenting that the renovated space for the 11 new acute care beds will conform to the necessary federal, state and local regulatory bodies.

(4) *if adding new acute care beds to an existing facility, documentation of the number of inpatient days of care provided in the last operating year in the existing licensed acute care beds by medical diagnostic category, as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the applicable State Medical Facilities Plan;*

-C- In Exhibit 15, the applicant provides MPMC's FY2014 inpatient days of care by medical diagnostic category as classified by the Centers for Medicare and Medicaid Services, according to the list set forth in the 2015 SMFP.

(5) *the projected number of inpatient days of care to be provided in the total number of licensed acute care beds in the facility, by county of residence, for each of the first three years following completion of the proposed project, including all assumptions, data and methodologies;*

-C- In Section II.8, page 26, the applicant provides the projected number of patient days of care, by county of residence for each of the first three years following completion of the proposed project. See Section IV.1, pages 72-74, for the assumptions, data and methodologies used by the applicant to project the number of inpatient days of care.

(6) *documentation that the applicant shall be able to communicate with emergency transportation agencies 24 hours per day, 7 days per week;*

-C- In Section II.8, page 27, the applicant states, *"Vance County Emergency Services provides emergency transportation to DLP Maria Parham Medical Center. Services are available 24-hours per day, 7 days per week and EMS and MPMC are in constant communication."*

(7) *documentation that services in the emergency care department shall be provided 24 hours per day, 7 days per week, including a description of the scope of services to be provided during each shift and the physician and professional staffing that will be responsible for provision of those services;*

-C- In Section II.8, page 27, the applicant states that MPMC's emergency department operates 24 hours per day, 7 days per week. On page 27, the applicant states, *"MPMC provides a full scope of services in the Emergency Department. Registered nurses, emergency physicians, ED technicians, and other professional staff are available to provide care at all times."* See also Exhibit 7.

(8) *copy of written administrative policies that prohibit the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability or the patient's ability to pay;*

-C- In Section II.8, page 27, the applicant states that MPMC provides services to patients regardless of age, race, sex, creed, religion, disability or the patient's ability to pay. See Exhibit 16 for a copy of MPMC's admissions, patient rights and charity care policies and procedures.

(9) *a written commitment to participate in and comply with conditions of participation in the Medicare and Medicaid programs;*

-C- See Exhibit 7 for a written commitment from the Chief Executive Officer regarding MPMC's compliance with the conditions of participation in the Medicare and Medicaid programs.

(10) *documentation of the health care services provided by the applicant, and any facility in North Carolina owned or operated by the applicant's parent organization, in each of the last two operating years to Medicare patients, Medicaid patients, and patients who are not able to pay for their care;*

-C- In Table II.4 and Table II.5, page 29, the applicant provides the payor mix during the last two full federal fiscal years of operation for all hospitals in NC owned or operated by DLP Healthcare.

(11) *documentation of strategies to be used and activities undertaken by the applicant to attract physicians and medical staff who will provide care to patients without regard to their ability to pay; and*

-C- In Section II.8, page 30, the applicant describes its policy and discusses the benefits of its association with Duke and LifePoint as it relates to attracting physicians and medical staff who will provide care to patients without regard to their ability to pay. See also Exhibit 7.

(12) *documentation that the proposed new acute care beds shall be operated in a hospital that provides inpatient medical services to both surgical and non-surgical patients.*

-C- In Section II.8, page 30, the applicant states that MPMC provides both surgical and non-surgical services to patients. See Exhibit 15 for FY2014 inpatient days of care by MDC, which documents that the applicant provides surgical and non-surgical services.

(c) *An applicant proposing to develop new acute care beds in a new licensed hospital or on a new campus of an existing hospital shall also submit the following information:*

(1) the projected number of inpatient days of care to be provided in the licensed acute care beds in the new hospital or on the new campus, by major diagnostic category as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;

(2) documentation that medical and surgical services shall be provided in the proposed acute care beds on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;

(3) copies of written policies and procedures for the provision of care within the new acute care hospital or on the new campus, including but not limited to the following:

(A) the admission and discharge of patients, including discharge planning,

(B) transfer of patients to another hospital,

(C) infection control, and

(D) safety procedures;

(4) documentation that the applicant owns or otherwise has control of the site on which the proposed acute care beds will be located; and

(5) documentation that the proposed site is suitable for development of the facility with regard to water, sewage disposal, site development and zoning requirements; and provide the required procedures for obtaining zoning changes and a special use permit if site is currently not properly zoned; and

(6) correspondence from physicians and other referral sources that documents their willingness to refer or admit patients to the proposed new hospital or new campus.

-NA- MPMC does not propose to develop new acute care beds in a new licensed hospital or on a new campus of an existing hospital.

10A NCAC 14C .3803 PERFORMANCE STANDARDS

(a) *An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.*

-C- In Section II.8, page 32, the applicant projects the ADC for all acute care beds in Project Year 3 will be 76.4. The occupancy rate is projected to be 74.9%, which exceeds the 66.7% required by this Rule. Projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(b) *An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this rule and demonstrate that they support the projected inpatient utilization and average daily census.*

-C- See Section IV, pages 72-74, for the applicant's assumptions and data used to project inpatient utilization. The applicant adequately demonstrates that projected utilization is supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

10A NCAC 14C .3804 SUPPORT SERVICES

(a) *An applicant proposing to develop new acute care beds shall document that each of the following items shall be available to the facility 24 hours per day, 7 days per week:*

(1) laboratory services including microspecimen chemistry techniques and blood gas determinations;
(2) radiology services;
(3) blood bank services;
(4) pharmacy services;
(5) oxygen and air and suction capability;
(6) electronic physiological monitoring capability;
(7) *mechanical ventilatory assistance equipment including airways, manual breathing bag and ventilator/respirator;*
(8) endotracheal intubation capability;
(9) cardiac arrest management plan;
(10) patient weighing device for a patient confined to their bed; and
(11) isolation capability;

-C- In Section II.8, page 33, the applicant states that MPMC currently provides all of the above referenced services. See Exhibit 7 for a letter dated March 23, 2015 from the Chief Executive Officer attesting to the fact that MPMC provides and will continue to provide the above referenced services.

(b) *If any item in Paragraph (a) of this Rule will not be available in the facility 24 hours per day, 7 days per week, the applicant shall document the basis for determining the item is not needed in the facility.*

-NA- As an existing acute care facility, MPMC currently provides all of the above referenced services 24 hours per day, seven days per week. See Exhibit 7.

(c) *If any item in Paragraph (a) of this Rule will be contracted, the applicant shall provide correspondence from the proposed provider of its intent to contract with the applicant.*

-NA- As an existing acute care facility, MPMC currently provides all of the above referenced services. In Section II.8, page 33, the applicant states, *"The applicant provides all the services listed ... in house."*

10A NCAC 14C .3805 STAFFING AND STAFF TRAINING

(a) An applicant proposing to develop new acute care beds shall demonstrate that the proposed staff for the new acute care beds shall comply with

licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals.

-C- In Section II.8, page 34, the applicant states, *"DLP Maria Parham Medical Center is licensed by the state of North Carolina and has therefore met all requirements set forth in 10A NCAC 13B. ... The proposed staff for the new acute care beds will also comply with licensure requirements ..."*

(b) *An applicant proposing to develop new acute care beds shall provide correspondence from the persons who expressed interest in serving as Chief Executive Officer and Chief Nursing Executive of the facility in which the new acute care beds will be located, documenting their willingness to serve in this capacity.*

-C- See Section II.8, page 34, and Exhibit 7 for correspondence from the Chief Executive Officer and the Interim Chief Nursing Executive expressing their willingness to continue serving in their current capacity.

(c) *An applicant proposing to develop new acute care beds in a new hospital or on a new campus of an existing hospital shall provide a job description and the educational and training requirements for the Chief Executive Officer, Chief Nursing Executive and each department head which is required by licensure rules to be employed in the facility in which the acute care beds will be located.*

-NA- MPMC is an existing acute care facility and proposes to add the 11 beds to the existing facility on the same campus.

(d) *An applicant proposing to develop new acute care beds shall document the availability of admitting physicians who shall admit and care for patients in each of the major diagnostic categories to be served by the applicant.*

-C- Exhibit 17 contains a list of current MPMC medical staff by specialty. See Exhibit 7 for documentation of the availability of physicians to admit patients in each of the major diagnostic categories served by MPMC.

(e) *An applicant proposing to develop new acute care beds shall provide documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories to be served by the applicant.*

-C- See Section II.8, page 35, and Section II.1 for documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories currently served by MPMC.