

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: February 26, 2016

Findings Date: February 26, 2016

Project Analyst: Gregory F. Yakaboski

Assistant Chief: Martha J. Frisone

Project ID #: F-11107-15-15

Facility: BMA Kings Mountain

FID #: 150476

County: Gaston

Applicant(s): Bio-Medical Applications of North Carolina, Inc.

Project: Relocate the facility to a new location and add space for home peritoneal dialysis and home hemodialysis training and support for a total of 16 dialysis stations and a home therapies program upon completion of this project and Project I.D. #F-11096-15 (add 2 dialysis stations for a total of 16 dialysis stations)

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

Bio-Medical Applications of North Carolina, Inc. (BMA) d/b/a BMA Kings Mountain (Kings Mountain) proposes to relocate the existing facility, including the addition of two dialysis stations approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support. The applicant proposes to relocate Kings Mountain from its current

location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location.

Need Determination

The 2015 State Medical Facilities Plan (2015 SMFP) provides a county need methodology and a facility need methodology for determining the need for new dialysis stations. According to the January 2015 Semiannual Dialysis Report (SDR), the county need methodology shows there is a surplus of one dialysis station in Gaston County; therefore, based on the county need methodology, the county's June 30, 2015 station need determination is zero. Also, the applicant is not eligible to apply for additional stations in its existing facility based on the facility need methodology. The applicant does not propose to add new dialysis stations to an existing facility. Therefore, neither of the two need methodologies in the 2015 SMFP are applicable to the review.

Policies

There is one policy in the 2015 SMFP which is applicable to this review. Policy *ESRD-2: REOLCATION OF DIALYSIS STATIONS*, which states:

“Relocations of existing dialysis stations are allowed only within the host county and to contiguous counties currently served by the facility. Certificate of Need applicants proposing to relocate dialysis stations to contiguous counties shall:

- (A) Demonstrate that the proposal shall not result in a deficit in the number of dialysis stations in the county that would be losing stations as a result of the proposed project, as reflected in the most recent North Carolina Semiannual Dialysis Report, and*
- (B) Demonstrate that the proposal shall not result in a surplus of dialysis stations in the county that would gain stations as a result of the proposed project, as reflected in the most recent North Carolina Semiannual Dialysis Report.”*

The applicant proposes to relocate its existing facility, including all certified and approved dialysis stations, within Gaston County. Since the applicant is proposing to relocate existing dialysis stations within the same county, the proposed project is conforming to Policy ESRD-2.

Conclusion

In summary, the applicant adequately demonstrates that the application is consistent with Policy ESRD-2. 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

BMA proposes to relocate the existing Kings Mountain facility, including the addition of two dialysis stations approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support. The applicant proposes to relocate Kings Mountain from its current location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location.

Population to be Served

On page 361, the 2015 SMFP defines the service area for dialysis services as the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining North Carolina counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Gaston County. Facilities may also serve residents of counties not included in their service area.

In Section C, page 26, the applicant provides a table showing the historical patient origin for in-center (IC) patients served by Kings Mountain, as shown below:

Dialysis Patients as of 6/30/2015

COUNTY	IC PATIENTS
Gaston	21
Cleveland	29
South Carolina	3
Total	53

BMA Kings Mountain
F-11107-15
Page 4

In Section C, page 18, the applicant identifies the patient population it proposes to serve during the first two years of operation following project completion, as illustrated in the table below:

COUNTY	OPERATING YEAR 1			OPERATING YEAR 2			COUNTY PATIENTS AS % OF TOTAL	
	IC	HH	PD	IC	HH	PD	OY 1	OY 2
Gaston	20.9	1	1	19.6	2	2	37.0%	37.7%
Cleveland	29	5	2	29	5	2	58.2%	57.5%
South Carolina	3	0	0	3	0	0	4.8%	4.8%
Total	52.9	6.0	3.0	51.6	7.0	4.0	100.0%	100.0%

The applicant provides the assumptions and methodology for the projections above on pages 18-22.

The applicant adequately identifies the population it proposes to serve.

Analysis of Need

In Section C, pages 22-23, the applicant describes the need for the proposed project, as follows:

- Efficient space plan: A new facility will facilitate quality patient care and enhance staff operations with a more efficient space plan.
- More space: a new facility will provide the space needed to offer home dialysis therapies for both home hemodialysis patients and peritoneal dialysis.
- Convenient location: the proposed new location for the Kings Mountain facility is immediately adjacent to the current location
- Better home dialysis care for current BMA patients: BMA already offers a home dialysis program at its BMA Gastonia location. However, the applicant states that “the majority” of home dialysis patients projected to be served are residents of Cleveland County who are currently being followed by the home dialysis program at BMA Gastonia. Adding a home dialysis program at Kings Mountain will reduce both travel expenses and travel time for those patients.
- In Section C.13, page 27, the applicant states

“The BMA Kings Mountain facility needs to be replaced. The current physical plant does not allow for efficient patient and staff operations. The dialysis treatment floor is broken into two separate areas with facility offices located

between the treatment areas. Development of the new facility will allow for all stations to be developed in a single area. This will enhance staff operations within the facility.

The current location cannot be remodeled to allow for all dialysis stations to be located within a common treatment area. In addition, the current physical plant does not have space which would allow for development of home therapies at the facility.

In addition to a poor physical plant layout at the current location, BMA notes that the current lease is expiring. Development of the replacement facility is planned to coincide with the expiring lease.”

Projected Utilization

In Section C, page 18, the applicant provides projected utilization during the first two years of operation following project completion, as illustrated in the table below:

COUNTY	OPERATING YEAR 1			OPERATING YEAR 2		
	IC	HH	PD	IC	HH	PD
Gaston	20.9	1	1	19.6	2	2
Cleveland	29	5	2	29	5	2
South Carolina	3	0	0	3	0	0
Total	52.9	6.0	3.0	51.6	7.0	4.0

In Section C, pages 18-22, the applicant provided the assumptions and methodology utilized to project utilization. On page 21, the applicant provides a table illustrating how utilization was projected, which is summarized below:

BMA Kings Mountain
F-11107-15
Page 6

Begin with the Gaston County patients dialyzing at BMA of Kings Mountain as of June 30, 2015	21
Project forward for six months to December 31, 2015, using one half of the Gaston County Five Year Average Annual Change Rate (AACR)	$[21 \times (.035/12 \times 6)] + 21 = 21.4$
Project Gaston County patient population forward one year (to December 31, 2016) using the Gaston County Five Year AACR	$(21.4 \times .035) + 21.4 = 22.1$
Add the 29 Cleveland County Patients and the 3 South Carolina patients. This is the projected starting census for the proposed project.	$22.1 + 29 + 3 = 54.1$
Project Gaston County patient population forward one year (to December 31, 2017) using the Gaston County Five Year AACR	$(22.1 \times .035) + 22.1 = 22.9$
Subtract 2 Gaston County patients projected to change modality to home dialysis	$22.9 - 2 = 20.9$
Add the 29 Cleveland County Patients and the 3 South Carolina patients. This is the projected ending census for Operating Year 1.	$20.9 + 29 + 3 = 52.9$
Project Gaston County patient population forward one year (to December 31, 2018) using the Gaston County Five Year AACR	$(20.9 \times .035) + 20.9 = 21.6$
Subtract 2 Gaston County patients projected to change modality to home dialysis	$21.6 - 2 = 19.6$
Add the 29 Cleveland County Patients and the 3 South Carolina patients. This is the projected ending census for Operating Year 2.	$19.6 + 29 + 3 = 51.6$

The applicant projects to serve 52 in-center patients or 3.25 patients per station ($52 / 16 = 3.25$) by the end of Operating Year 1. This exceeds the minimum of 3.2 patients per station per week as of the end of the first operating year as required by 10A NCAC 14C .2203(b). The July 2015 SDR indicates that Kings Mountain operated at a utilization rate of 82.14% (3.2857 patients per station) as of December 31, 2014.

Projected utilization is based on reasonable and adequately supported assumptions regarding continued growth at BMA Kings Mountain.

Access

In Section L, pages 58-59, the applicant states that each of BMA's 100 facilities in 42 North Carolina counties has a patient population which includes low-income, racial and ethnic minorities, women, handicapped, elderly, and other underserved persons. The applicant projects 77.5% of its patients will be Medicare or Medicaid recipients. The applicant adequately demonstrates the extent to which all residents of the service area, including underserved groups, are likely to have access to its services.

Conclusion

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

C

BMA proposes to relocate the existing Kings Mountain facility, including the addition of two dialysis stations previously approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support. The applicant proposes to relocate Kings Mountain from its current location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location. The needs of the population presently served will be met adequately by the proposed relocation of the facility to a site adjacent to the existing site. Therefore, the application is conforming to this criterion.

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

C

In Section E, page 30, the applicant discusses the alternatives considered prior to the submission of this application, which includes doing nothing, relocate to a different part of Gaston County or file the application at a later date. The applicant stated that the current lease expires shortly and that the current facility is not conducive to efficient patient care and operations and does not have sufficient space to accommodate a home training program. Further, given the current patient population, the facility is needed in the area of the county where it is currently located. The proposed site is immediately adjacent to the current location. After considering the alternatives above, the applicant believes the most effective alternative is to relocate to facility immediately adjacent to the existing location.

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 this 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. Bio-Medical Applications of North Carolina, Inc. d/b/a BMA Kings Mountain shall materially comply with all representations made in the certificate of need application and in supplemental information provided. In those instances where representations conflict, Bio-Medical Applications of North Carolina, Inc. d/b/a BMA Kings Mountain shall materially comply with the last made representation.**
 - 2. Bio-Medical Applications of North Carolina, Inc. d/b/a BMA Kings Mountain shall develop and operate no more than 16 certified dialysis stations in the replacement facility which includes the two stations approved in Project ID #F-11096-15 and any home hemodialysis training or isolation stations.**
 - 3. Bio-Medical Applications of North Carolina, Inc. d/b/a BMA Kings Mountain shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

BMA proposes to relocate the existing Kings Mountain facility, including the two dialysis stations approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support. The applicant proposes to relocate Kings Mountain from its current location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location.

Capital and Working Capital Costs

In Section F, page 32, the applicant projects the capital cost for the proposed project, as summarized in the table below:

Projected Capital Costs

Construction Contract	\$1,358,114
(RO) water treatment equipment	\$200,000
Equipment/furniture not included above	\$245,572
Architect/Engineering Fees	\$122,230
Contingency	\$74,017
Total	\$1,999,933

In Section F, pages 35-36, the applicant states that there are no working capital needs for the proposed project since Kings Mountain is an existing facility.

Availability of Funds

In Section F, pages 33-34, the applicant states that accumulated reserves will be used to finance the proposed project. In Exhibit F-1 the applicant provides a letter dated October 15, 2015, from Mark Fawcett, Senior Vice President and Treasurer, Fresenius Medical Care Holdings, Inc., which is the parent of National Medical Care, Inc. and Bio-Medical Applications of North Carolina, Inc. The letter confirms that he is authorized to commit cash reserves, which he does in the amount of \$1,999,933 for the proposed project.

Exhibit F-2 contains a copy of Fresenius Medical Care Holdings, Inc. and Subsidiaries (FMC) Consolidated Financial Statements for December 31, 2014. As of December 31, 2014, FMC had \$195,280,000 in cash and cash equivalents, \$18,507,042,000 in total assets and \$8,428,400,000 in net assets (total assets less total liabilities). (See Exhibit F-2, page 3)

The applicant adequately demonstrated that sufficient funds will be available for the capital needs of the project.

Financial Feasibility

In the projected revenue and expense statement in Section R, Form B, the applicant projects revenues will exceed operating expenses in both of the first two operating years following completion of the proposed project, as shown in the table below.

KINGS MOUNTAIN REVENUE AND EXPENSES - TOTAL FACILITY		
	OPERATING YR 1 CY 2017	OPERATING YR 2 CY 2018
Gross Patient Revenue	\$33,985,776	\$36,342,729
Deductions from Gross Patient Revenue	\$31,180,547	\$33,261,315
Net Patient Revenue	\$2,805,230	\$3,081,414
Operating Expenses	\$2,564,296	\$2,711,742
Net Income	\$240,934	\$369,672

The assumptions used by the applicant in preparation of the pro formas are reasonable including projected utilization, 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 on reasonable projections of costs and charges.

Conclusion

In summary, the applicant adequately demonstrates that sufficient funds will be available for the capital needs of the project. Furthermore, 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

BMA proposes to relocate the existing Kings Mountain facility, including the two dialysis stations previously approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support.

The applicant proposes to relocate Kings Mountain from its current location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location. The applicant does not propose to add any dialysis stations.

On page 361, the 2015 SMFP defines the service area for dialysis services as the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining North Carolina counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Gaston County. Facilities may also serve residents of counties not included in their service area.

The applicant operates four dialysis centers in Gaston County. There are no other providers of dialysis services in Gaston County.

Gaston County Dialysis Facilities

Dialysis Facility	Certified Stations 12/31/14	% Utilization	Patients Per Station
BMA Kings Mountain	14	82.14%	3.2857
FMC Belmont	16	84.38%	3.3750
FMC Gastonia	39	83.33%	3.3333
FMC South Gastonia	20	90.00%	3.6000

Source: January 2015 SDR, Table A.

In addition, both BMA Kings Mountain and FMC Belmont have each received a certificate of need to develop two additional stations. As shown in the table above, all four of the Gaston County dialysis facilities are operating above 80% utilization (3.2 patients per station).

The applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved dialysis stations or facilities in Gaston County. 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 H, page 42, the applicant provides the following table to illustrate current and projected staffing in full time equivalents (FTEs) for Kings Mountain. The applicant states the Medical Director is not employed by the facility, and thus is not reflected on the staffing chart.

BMA Kings Mountain
F-11107-15
Page 12

POSITION	CURRENT # FTES	# FTES TO BE ADDED	PROJECTED # FTES
Registered Nurse	1.5	0.5	2.0
Technician (PCT))	5.0	1.0	6.0
Clinical Manager	1.0		1.0
Administrator	0.15		0.15
Dietician	0.67		0.67
Social Worker	0.67		0.67
Home Training RN		1.0	1.0
Chief Tech	0.15		0.15
Equipment Tech	0.50		0.50
In-Service	0.15		0.15
Clerical	1.0		1.0
Total	10.79	2.5	13.29

In Section H, page 44, the applicant provides the projected direct care staff for Kings Mountain in Operating Year 2, as shown below in the table:

DIRECT CARE POSITIONS	# FTES	HOURS PER YEAR PER FTE	TOTAL ANNUAL FTE HOURS	TOTAL ANNUAL HOURS OF OPERATION	# FTE HOURS PER HOUR OF OPERATION
Registered Nurse	3.0	2,080	6,240	3,120	2.0
Technician (PCT)	6.0	2,080	12,480	3,120	4.0
Total	9.0	2,080	18,720	3,120	6.0

In Section I, page 46, the applicant identifies Dr. Jonathan Planer as the Medical Director of the facility. In Exhibit I-3, the applicant provides a copy of a letter signed by Dr. Planer of Metrolina Nephrology Associates, PA supporting the project and confirming his commitment to serve as Medical Director. In Section H, page 43, the applicant describes the methods used to recruit and fill vacant or new positions.

The applicant documents the availability of adequate health manpower and management personnel, including the Medical Director, for the provision of the proposed dialysis services. Therefore, the application is conforming to this criterion.

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

In Section I, page 45, the applicant includes a list of providers of the necessary ancillary and support services. Exhibit I-6 contains a letter from the medical director of the facility expressing his support for the proposed project. The applicant discusses coordination with the existing health care system on pages 47-48. Exhibits I-3 through I-5, respectively, contain copies of agreements for lab services, acute services and transplantation. The applicant adequately demonstrates that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates:
- (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and
 - (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 L, page 62, the applicant reports that 78.2% of the patients who received treatments at Kings Mountain had some or all of their services paid for by Medicare or Medicaid in the past year. The table below shows the historical payment sources of the facility:

Payment Source	Percent of Total Patients
Private Pay	3.6%
Commercial Insurance	9.1%
Medicare	54.5%
Medicaid	7.3%
VA	9.1%
Other: Medicare/Commercial Insurance	16.4%
Total	100.00%

The *Southeastern Kidney Council Network 6 Inc. 2014 Annual Report*, provides prevalence data on North Carolina dialysis patients by age, race and gender on page 59, summarized as follows:

Number and Percent of Dialysis Patients by Age, Race, and Gender 2014		
	# of ESRD Patients	% of Dialysis Population
Age		
0-19	52	0.3%
20-34	770	4.8%
35-44	1,547	9.7%
45-54	2,853	17.8%
55-64	4,175	26.1%
65+	6,601	41.3%
Gender		
Female	7,064	44.2%
Male	8,934	55.8%
Race		
African-American	9,855	61.6%
White	5,778	36.1%
Other, inc. not specified	365	2.3%
Source: Southeastern Kidney Council Network6 Inc. 2014 Annual Report. ²		

In 2014, over 85% of dialysis patients in North Carolina were 45 years of age and older. (*Southeastern Kidney Council Network 6 Inc. 2014 Annual Report, page 59*).¹

The applicant demonstrates that it currently provides adequate access to medically underserved groups. 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

“BMA of North Carolina facilities do not have any obligation to provide uncompensated care or community service under any federal regulations.” (See Section L, page 61) In Section L, page 61, the applicant states *“There have been*

¹<http://www.esrdnetwork6.org/utills/pdf/annual-report/2014%20Network%206%20Annual%20Report.pdf>

no Civil Rights complaints lodged against any BMA North Carolina facilities in the past five years.” 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 L, page 58, the applicant states: *“It is BMA policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.”*

In Section L, page 62, the applicant projects that 77.5% of all patients who will receive dialysis treatments at Kings Mountain will have all or part of their services paid for by Medicare and or Medicaid, as indicated in the table below:

Payment Source	Percent of Total Patients
Private Pay	1.6%
Commercial Insurance	12.9%
Medicare	58.1%
Medicaid	6.5%
VA	8.1%
Medicare/Commercial Insurance	12.9%
Total	100.00%

On page 59, the applicant states that the projected payor mix is based on historic volumes. The projected payor mix is based on in-center and home patients in contrast to the last calendar year when Kings Mountain had no home patients.

The applicant demonstrates that medically underserved populations will 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 L, page 61, the applicant states,

“Those Nephrologists who apply for and receive medical staff privileges will admit patients with End Stage Renal Disease to the facility. BMA Kings Mountain has an open policy, which means that any Nephrologist may apply to admit patient to the facility. The attending physicians receive referrals from other physicians or Nephrologists or hospital emergency rooms. ... Transient patients are accepted upon proper coordination of care with the patient’s regular nephrologist and a physician with staff privileges at the facility.”

The applicant adequately demonstrates that BMA Kings Mountain will provide a range of means by which a person can access the 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 M, page 63 the applicant states that BMA Kings Mountain has an agreement with Gaston College to serve as a facility for clinical rotations for nursing students. Exhibit M-1 contains a copy of an *“Education Affiliation Agreement”* between BMA Kings Mountain and Gaston College regarding affiliation for *“clinical experience for faculty and students in the Associate Degree Nursing Program.”* The information provided in Section M 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

BMA proposes to relocate the existing Kings Mountain facility, including the two dialysis stations approved in Project I.D. #F-11096-15, within Gaston County and add space for home training and support. The applicant proposes to relocate Kings Mountain from its current

location at 508 Canterbury Road, Kings Mountain to a property immediately adjacent to the current location. The applicant does not propose to add any dialysis stations.

On page 361, the 2015 SMFP defines the service area for dialysis services as the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining North Carolina counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Gaston County. Facilities may also serve residents of counties not included in their service area.

The applicant operates four dialysis centers in Gaston County. There are no other providers of dialysis services in Gaston County.

Gaston County Dialysis Facilities

Dialysis Facility	Certified Stations 12/31/14	% Utilization	Patients Per Station
BMA Kings Mountain	14	82.14%	3.2857
FMC Belmont	16	84.38%	3.3750
FMC Gastonia	39	83.33%	3.3333
FMC South Gastonia	20	90.00%	3.6000

Source: January 2015 SDR, Table A.

In addition, both BMA Kings Mountain and FMC Belmont have each received a certificate of need to develop two additional stations. As shown in the table above, all four of the Gaston County dialysis facilities are operating above 80% utilization (3.2 patients per station).

In Section N, page 64, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states:

“BMA does not expect this proposal to have effect on the competitive climate in Gaston County. At the present time, BMA is the only provider of dialysis services in Gaston County. BMA does not project to serve dialysis patients currently being served by another provider. The projected patient population for the BMA Kings Mountain facility begins with patients currently served by BMA, and a growth of that patient population consistent with the Gaston County five year average annual change rate....”

See also Sections C, F, G, H, L and P where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in the sections referenced above is reasonable and adequately demonstrates that any enhanced competition in the service area includes 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 proposed project and that it is an effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates that Kings Mountain will continue to provide quality dialysis services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates that Kings Mountain will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) 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

In Section O, pages 65-69, and Exhibit O-1, the applicant discusses the methods it uses to ensure and maintain quality. On page 68 the applicant states that the Kings Mountain facility meets the Conditions for Coverage for ESRD facilities. See also Exhibit O-2.

In Section O, pages 69-70, the applicant lists two facilities that were cited for deficiencies that resulted in a finding of Immediate Jeopardy during the 18-month look back period: BMA Lumberton and BMA East Charlotte. See the table below which shows the survey dates and the dates the facilities were found to be back in compliance with CMS.

BMA QUALITY CARE		
FACILITY	SURVEY DATE	BACK IN COMPLIANCE
BMA Lumberton	5/6/2015	Yes
BMA Charlotte	8/11/2015	Yes

Based on a review of this certificate of need application and publicly available information, the applicant adequately demonstrates that it has provided quality care during the 18 months

immediately preceding the submittal of the application through the date of the decision. The application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant proposes to relocate the entire facility to a new site immediately adjacent to the existing site.