

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: January 29, 2016

Findings Date: January 29, 2016

Project Analyst: Celia C. Inman

Team Leader: Fatimah Wilson

Project ID #: G-11103-15

Facility: Wesley Long Community Hospital, Inc.

FID #: 933540

County: Guilford

Applicant(s): The Moses H. Cone Memorial Hospital

The Moses H. Cone Memorial Hospital Operating Corporation

Project: Renovate existing space and construct space for a surgical suite, post anesthesia care unit (PACU) with surgical support space. Four ORs will be de-licensed as part of this project. Upon completion of this project and Project ID# G-11104-15, the hospital (all campuses) will be licensed for 46 ORs (4 dedicated IP, 29 shared and 13 dedicated OP)

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 Moses H. Cone Memorial Hospital and the Moses H. Cone Memorial Hospital Operating Corporation (collectively referred to as Cone Health or “the applicants”) propose to renovate existing space and construct new space on the first floor of Wesley Long for a surgical suite, post anesthesia care unit (PACU) and surgical support space. Wesley Long is currently licensed for fourteen (14) shared operating rooms located within the surgical suite on the first floor. Cone Health intends to delicense four of Wesley Long’s shared operating rooms. At

project completion, Wesley Long will be licensed for a total of ten (10) shared operating rooms and one (1) procedure room.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2015 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2015 SMFP that is applicable to this review: Policy GEN-4: ENERGY EFFICIENCY AND SUSTAINABILITY FOR HEALTH SERVICE FACILITIES, on page 39 of the 2015 SMFP. Policy GEN-4 states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

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

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan 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 proposed capital expenditure for this project is greater than \$5 million. In Section III.4, pages 46-47, the applicants address Policy GEN-4 and their plan for energy efficiency and water conservation. The applicants state:

“As part of its commitment to energy efficiency and sustainability in all construction projects, Cone Health will utilize appropriate energy efficient and water conservation components in the proposed project.”

In Section XI.8, page 116, the applicants state:

“Cone Health is committed to utilizing energy efficient principles in all construction and renovation projects. The North Tower Project, completed in January 2105, was awarded Silver LEED Certification by the United States Green Building Council. The following design parameters are being established to exceed the energy efficiency and water conservation standards of the 2015 North Carolina Building Code.”

The applicants then list its design parameters established to exceed the energy efficiency and water conservation standards of the 2015 North Carolina State Building Code.

The applicants adequately demonstrate the proposal includes a plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4 and conforming to this criterion, subject to Condition (5) in Criterion (4).

- (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 applicants propose to renovate existing space and construct new space on the first floor of Wesley Long for a surgical suite, PACU and surgical support space. Wesley Long is currently licensed for 14 shared operating rooms located within the surgical suite on the first floor. At project completion, Wesley Long will be licensed for a total of 10 shared operating rooms and one procedure room.

The Cone Health system, includes the following separately licensed hospitals:

- The Moses H. Cone Memorial Hospital in Greensboro (Guilford County); and
- Annie Penn Hospital in Reidsville (Rockingham County).

Per Cone Health’s 2015 License Renewal Application (LRA), The Moses H. Cone Memorial Hospital, License #HO159, in Guilford County consists of five campuses and seven entities doing business as “facilities.” The five campuses and seven entities, referred to as Cone Health-Greensboro are:

1. The Moses H. Cone Memorial Hospital and Moses Cone Surgery Center;
2. Wesley Long and Wesley Long Surgery Center;
3. MedCenter High Point (emergency services, urgent care, and imaging)
4. Women’s Hospital; and
5. The Behavioral Health Hospital.

In addition, there are other facilities that are part of Cone Health, but under individual licenses. The applicants provide a full listing of owned and leased facilities in Exhibit 4 of the application.

Population to be Served

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. *“The operating room planning areas are the single and multicounty groupings shown in Figure 6.1.”* Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county service area. Thus, the service area for this facility’s project consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

In Section III.5, page 48, the applicants state that patients seeking surgical services at Wesley Long will originate from Guilford, Rockingham, Randolph, and Alamance Counties, and a portion of Eastern Forsyth County, which is consistent with its historical patient origin.

The applicants further state that in the most recent available twelve month data (July 1, 2014 through June 30, 2015), 92.1% of surgical patients at Wesley Long were from the counties named above. Exhibit 18 provides a map of the applicants’ proposed market, highlighting Guilford County as the primary market and Alamance, Randolph, Rockingham and eastern Forsyth County as the secondary market.

In Exhibit 19, the applicants provide Wesley Long’s current and projected surgical services patient origin by county of residence, as shown below.

Wesley Long Surgical Patient Origin

County	Historical Cases	Projected Cases			
		Project Year 1		Project Year 2	
	FFY 2015 %	FFY 2020 #	FFY 2020 %	FFY 2021 #	FFY 2021 %
Guilford	66.7%	4,051	66.7%	4,591	66.7%
Rockingham	12.2%	740	12.2%	838	12.2%
Randolph	8.4%	513	8.4%	581	8.4%
Alamance	3.6%	218	3.6%	247	3.6%
Virginia	2.3%	138	2.3%	156	2.3%
Forsyth	2.0%	123	2.0%	140	2.0%
Davidson	0.8%	46	0.8%	52	0.8%
Stokes	0.6%	38	0.6%	43	0.6%
Chatham	0.6%	35	0.6%	40	0.6%
Caswell	0.5%	31	0.5%	35	0.5%
Other*	2.3%	140	2.3%	158	2.3%
Total	100.0%	6,073	100.0%	6,881	100.0%

Other is identified as 38 other North Carolina counties and 20 other states, as listed in Exhibit 19.

As the table above illustrates, the applicants project that the patient origin for surgical services in the project’s first two operating years, FFY 2020 and FFY 2021 is expected to be consistent with the historical FFY 2015 percentages.

The applicants adequately identify the population to be served.

Analysis of Need

The applicants propose the replacement of ten existing operating rooms through an expansion and renovation of the surgical suite and associated spaces at Wesley Long.

In Section III.1, page 27, the applicants state the need for the proposed project is based on the following factors:

- current space constraints,
- historical and projected growth of the service area population,
- Cone Health’s historical market position for surgical services,
- projected growth of surgical services, and
- reconfiguration of surgical services within Cone Health.

On pages 27-30, the applicants state that the operating rooms at Wesley Long are significantly undersized because of their age, which limits the types of procedures that can be performed in them. The applicants further state that the structural configuration of the rooms cannot accommodate a uniform design for the rooms. The larger operating rooms are essentially

reserved for da Vinci robotic surgeries because of that equipment's space requirements. The applicants also discuss the lack of space in the PACU resulting in emergent surgical cases delaying or displacing elective surgical cases, causing patient and physician dissatisfaction. The physical constraints of the existing operating rooms is further detailed in Exhibit 15 in a letter from BBH Design.

In discussing the historical and projected population growth in the applicants' proposed service area, the applicants provide data showing the total service area population has increased 3.5% from 2010 to 2015 and is expected to increase by 4.1% from 2015 to 2020 to over one million (page 31). Stating that older cohorts, particularly those aged 45+, are most likely to utilize surgical services, the applicants provide data on page 32 showing that the population aged 45+ increased by 8.8% between 2010 and 2015 and is expected to continue to grow at 8.1% from 2015 to 2020.

On page 33, the applicants state: *"Projected growth of the patient population most likely to utilize surgical services points to continued growth in demand for surgical services."*

In Section III, page 34, the applicants provide FFY 2012 through FFY 2014 surgical services utilization for the patients residing in the proposed service area counties, demonstrating that Cone Health is the market leader for surgical services for patients living in the proposed service area. The applicants state:

"Our consistent position as the largest provider of surgical services in the proposed service area indicates that patients will continue to choose Cone Health as the preferred location for surgical services."

The applicants state surgical procedures in the service area will continue to grow, saying:

"According to The Advisory Board Company, a healthcare intelligence firm, orthopedic surgery, general surgery, and urology, the three major surgical service lines currently representing the bulk of cases at Wesley Long Hospital, are all projected to experience positive growth over the next ten (10) years. Orthopedic surgery, general surgery, and urology cases comprise 96% of surgeries currently performed at Wesley Long."

The applicants discuss future growth of the three major surgical service lines in more detail on pages 35-40.

On page 42, the applicants state that with this project and the simultaneously filed project to relocate women's and infant's services to the Moses Cone campus (Project ID #G-11104-15), Cone Health is undertaking the reconfiguration of its surgical services among multiple Greensboro surgical locations to maximize the efficiency and utilization of existing operative services resources. The applicants further state that the reconfiguration provides an opportunity to create coordinated, integrated centers of excellence focused on specific conditions and patient types. To that end, Cone Health states that in partnership with area surgeons, it has developed a plan to accommodate estimated surgical demand for the future in new and innovative ways, specifically:

- Relocating women’s and infant’s services to the Women’s and Children’s Pavilion at Moses Cone campus, including three shared operating rooms used primarily for C-sections and other obstetric related surgeries.
- Four existing operating rooms from Women’s Hospital will be delicensed.
- Gynecologic surgeries currently performed at Women’s Hospital will be accommodated in Moses Cone Hospital’s main operating room suite and in Moses Cone Surgery Center.
- Elective orthopedic surgery will shift from the Moses Cone campus to the Wesley Long campus, creating a focused center for orthopedic surgery, particularly joint replacements, at Wesley Long.
- Orthopedic trauma surgery will continue to be performed at Moses Cone Hospital, which is a Level II Trauma Center.
- Cone Health is also considering opportunities to better utilize its outpatient surgery centers by moving cases from shared operating rooms in the hospitals to the outpatient operating rooms at Moses Cone Surgery Center and Wesley Long Surgery Center.

In summary, the applicants state that the demand for surgical services at Wesley Long has been substantiated both qualitatively and quantitatively and that Cone Health and Wesley Long are committed to meeting the surgical needs of service area residents.

Projected Utilization

In Section IV.2, page 54, the applicants project surgical utilization at Wesley Long for the interim years and the first three fiscal years after completion of the project, as illustrated in the table below.

Wesley Long Surgical Suite Utilization

	FFY 2015	Interim Years				Project Years		
		FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022
Shared ORs	14	14	14	14	14	10	10	10
Inpatient Cases	3,317	3,365	3,415	3,465	3,516	3,567	4,904	4,980
Outpatient Cases	2,523	2,611	2,701	2,796	2,894	2,505	1,977	2,043
Total Surgical Cases	5,840	5,976	6,116	6,261	6,410	6,072	6,881	7,023

The applicants also provide the projected procedure room procedures on page 55 as shown in the following table.

**Wesley Long
 Procedure Room Utilization**

	Project Years		
	FFY 2020	FFY 2021	FFY 2022
# of Rooms	1	1	1
# of Procedures	601	645	689

The applicants state that the methodology and assumptions used for determining projected utilization reflect the reorganization of surgical services across Cone Health-Greensboro campuses. The methodology begins on page 55 and is summarized as follows:

Operating Rooms

Step 1 – Establish Current Operating Room Volumes

On page 56, the applicants provide a table showing Cone Health-Greensboro’s current number of licensed operating rooms by type and campus.

Facility	Dedicated Open Heart	Dedicated C-Section	Other Dedic. Inpatient	Shared	Dedicated Outpatient	Total
Moses Cone Hospital	4	0	0	16	0	20
Wesley Long	0	0	0	14	0	14
Women's Hospital	0	0	0	7	0	7
Moses Cone Surgery Center	0	0	0	0	8	8
Wesley Long Surgery Center	0	0	0	0	5	5
Total	4	0	0	37	13	54

On page 57, the applicants provide operating room volumes by campus through the first nine months of FFY 2015, utilizing information specific to the types of surgery being performed, by specialty and by inpatient/outpatient split.

Facility	Inpatient Cases	Ambulatory Cases	Total
Moses Cone Hospital	5,739	3,867	9,606
Wesley Long	2,488	1,892	4,380
Women's Hospital	1,656	1,609	3,265
Moses cone Surgery Center	0	3,632	3,632
Wesley Long Surgery Center	0	1,225	1,225
Total	9,883	12,225	22,108

The applicants provide a table on page 58 which distributes the above inpatient and outpatient/ambulatory cases by specialty and type, as shown below.

Table IV-7 Cone Health Surgical Volumes by Specialty

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	247	123
Open Heart Surgery	369	
General Surgery	1,451	2,525
Neurosurgery	1,141	465
Obstetrics and GYN (excluding C-Sections)	414	1,754
Ophthalmology	2	396
Oral Surgery	35	294
Orthopedics	3,667	3,522
Otolaryngology	122	785
Plastic Surgery	56	317
Urology	341	1,459
Vascular	672	389
Other Surgeries	64	196
C-Sections Performed in Other ORs	1,302	
Total Surgical Cases	9,883	12,225

Step 2 – Exclude Trauma and Open Heart Operating Rooms and Cases

The applicants state that its methodology, consistent with planning standards utilized in the Criteria and Standards for Surgical Services and Operating Rooms, excludes one operating room from the inventory at Moses Cone Hospital for the Level II Trauma Center designation and the four dedicated open heart operating rooms, as well as associated open heart and trauma surgical cases, by specialty.

The following table summarized from page 59 provides the above inpatient and outpatient cases by specialty and type, excluding trauma and open heart cases.

**Table IV-8 Cone Health Surgical Volumes by Specialty,
 Excluding Open Heart and Trauma
 October 1, 2014 – June 30, 2015**

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	241	123
General Surgery	1,378	2,525
Neurosurgery	1,112	465
Obstetrics and GYN (excluding C-Sections)	414	1,754
Ophthalmology	1	396
Oral Surgery	33	294
Orthopedics	3,510	3,522
Otolaryngology	102	785
Plastic Surgery	49	317
Urology	339	1,459
Vascular	651	389
Other Surgeries	64	196
C-Sections Performed in Other ORs	1,302	0
Total Surgical Cases	9,196	12,225

The following table annualizes the nine-months of surgical case utilization provided above.

**Annualized Cone Health Surgical Volumes by Specialty,
 Excluding Open Heart and Trauma**

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	321	164
General Surgery	1,837	3,367
Neurosurgery	1,483	620
Obstetrics and GYN (excluding C-Sections)	552	2,339
Ophthalmology	1	528
Oral Surgery	44	392
Orthopedics	4,680	4,696
Otolaryngology	136	1,047
Plastic Surgery	65	423
Urology	452	1,945
Vascular	868	519
Other Surgeries	85	261
C-Sections Performed in Other ORs	1,736	0
Total Surgical Cases	12,261	16,300

Step 3 – Subtract Appropriate Procedure Room Cases

The primary procedure to be performed in the proposed procedure room is cystoscopy. In the procedure room methodology on pages 69-70, the applicants state there were a total of 517 cystoscopy procedures performed at Wesley Long in FFY 2015 (annualized 9 months of actual data). The applicants state 90% (465) of those would be appropriate for a procedure room based on clinical opinion of operative services leaders at Cone Health.

Step 4 – Project Growth Rates by Service Line

On page 60, the applicants state the use of The Advisory Board Company’s Market Estimator tool to determine 10-year growth rates by surgical specialty. The applicants list key drivers for selected service lines that are projected to experience robust growth on page 60-61. Those service lines include Cardiothoracic Surgery, Ophthalmology, Neurosurgery, Plastic Surgery and Urology. In the instances where specific specialty projections were not available from The Advisory Board Company, the overall service area population growth rate of 0.8% annually was used. The applicants provide the following table for projected growth rates on page 61.

Table IV.9 Projected Annual Growth Rates by Service

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	1.5%	5.0%
General Surgery	1.3%	3.0%
Neurosurgery	1.2%	3.9%
Obstetrics and GYN (excluding C-Sections)	-0.8%	0.5%
Ophthalmology	-4.1%	5.4%
Oral Surgery	0.8%	0.8%
Orthopedics	1.7%	2.7%
Otolaryngology	-0.3%	2.7%
Plastic Surgery	0.8%	4.1%
Urology	1.4%	4.8%
Vascular	-0.2%	2.1%
Other Surgeries	0.8%	0.8%
C-Sections Performed in other ORs	0.7%	0.0%
Projected Overall Growth Rates	1.2%	2.5%

The applicants state that the overall annual growth rate over the next ten years for inpatient cases is projected to be 1.2% and the overall annual growth rate for ambulatory cases is projected to be 2.5%, yielding a total average projected growth rate of 1.9%. The applicants further state that this growth rate is reasonable considering the projected growth rate for Cone Health’s surgical patient population presented in Section III, with the vast majority of its surgical patients aged 45+, an age cohort projected to grow at a compound annual rate of 1.6%

(Table III-5, Page 32) and nearly one-third of the surgical patient population at Cone Health being 65+, a group projected to grow at 3.4% annually. The applicants state:

“Given the projected growth trends of the population that comprises the bulk of Cone Health’s surgical population, the overall growth rate of 1.9% is reasonable and justified.”

Step 5 – Calculate Current Average Surgical Case Time

The applicants provide data on Cone Health’s actual surgical case times by specialty and type (inpatient/ambulatory) on page 63, as shown below.

Table IV.10 Average Case Time

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	3.5	2.7
General Surgery	2.9	1.9
Neurosurgery	3.8	2.7
Obstetrics and GYN (excluding C-Sections)	2.5	1.9
Ophthalmology	2.3	1.7
Oral Surgery	2.1	2.1
Orthopedics	2.7	1.9
Otolaryngology	2.2	1.6
Plastic Surgery	3.0	2.2
Urology	2.3	1.7
Vascular	3.1	2.3
Other Surgeries	3.1	1.9
C-Sections Performed in other ORs	1.8	0.0
Total Average Case Time	3.1	1.9

The applicants state that average case times include room turnover time that has not previously been included in the times reported on Cone Health’s LRAs.

The applicants state that although Cone Health’s average case time for inpatient surgery is consistent with a planning standard of three hours per case, actual average case time for outpatient cases of 1.9 hours is higher than the planning standard of 1.5 hours per case. This, the applicants state could be attributed to improvements in surgical technology and anesthesia techniques allowing more complex surgeries to be performed on an outpatient basis, but requiring more time because of the complexity of the cases. The applicants state utilizing actual case times by specialty and type will most accurately project operating room needs of the future.

Step 6 – Project Surgical Utilization Using Service Specific Growth Rates and Case Times

The applicants applied the annual growth rates of Step 4, Table IV-9, and the average case time calculated in Step 5, Table IV-10 to the annualized volumes in Step 2, Table IV-8. Table

IV-11, page 65 of the application and below, provides the resulting projected case volumes and surgical hours.

**Table IV.11 Surgical Volume and Hours
 FFY 2022**

Surgical Specialty Area	Number of Cases		Total Surgical Hours	
	Inpatient Cases	Ambulatory Cases	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	357	231	1,265	625
General Surgery	2,006	4,146	5,756	7,765
Neurosurgery	1,615	810	6,190	2,183
Obstetrics and GYN (excluding C-Sections)	523	2,423	1,302	4,720
Ophthalmology	1	762	3	1,316
Oral Surgery	47	415	96	891
Orthopedics	5,272	5,668	14,148	10,612
Otolaryngology	133	1,258	291	1,988
Plastic Surgery	70	559	209	1,218
Urology	498	2,161	1,622	3,741
Vascular	858	600	2,696	1,387
Other Surgeries	90	278	280	531
C-Sections Performed in other ORs	1,822	0	3,337	0
Total Average Case Time	13,293	19,311	37,194	36,977

Step 7 – Reconfiguration of Operative Services within Cone Health

Cone Health is proposing to reorganize surgical services among its Greensboro campuses and decrease its overall operating room capacity by eight operating rooms (four from Wesley Long and four from Moses Cone) or 15% of its current Greensboro OR capacity. Based on this reorganization, as discussed on page 66, Cone Health believes the following shifts of surgical cases will occur:

- inpatient gynecology from Women’s Hospital to the main OR suite at Moses Cone,
- outpatient gynecology from Women’s Hospital to the main OR suite at Moses Cone and Moses Cone Surgery Center,
- some inpatient elective orthopedic surgery from Moses Cone to Wesley Long,
- some outpatient elective orthopedic surgery from Moses Cone to Wesley Long and Wesley Long Surgery Center,
- some outpatient general surgery from Moses Cone and Wesley Long to Wesley Long Surgery Center,
- some outpatient plastic surgery from Moses Cone to Wesley Long Surgery Center, and
- cystoscopy from operating rooms at Wesley Long to a procedure room at Wesley Long.

The above shifts result in the following case volume and surgical hours for Wesley Long as provided by the applicants on page 67.

**Table IV-12 Projected Surgical Cases by Specialty after Reorganization
 FFY 2022**

Surgical Specialty Area	Number of Cases		Total Surgical Hours	
	Inpatient Cases	Ambulatory Cases	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	0	0	0	0
General Surgery	1,066	435	3,058	815
Neurosurgery	0	0	0	0
Obstetrics and GYN (excluding C-Sections)	85	69	212	135
Ophthalmology	0	0	0	0
Oral Surgery	3	30	7	64
Orthopedics	3,312	831	8,888	1,557
Otolaryngology	12	10	26	15
Plastic Surgery	13	11	38	23
Urology	480	654	1,561	1,132
Vascular	0	0	0	0
Other Surgeries	10	3	30	6
C-Sections Performed in other ORs	0	0	0	0
Total Cases and Hours by Type	4,980	2,043	13,819	3,747
Total Combined Cases and Hours		7,023		17,566

Step 8 – Calculate OR Need

Page 62 of the 2015 SMFP states:

“For purposes of the State Medial Facilities Plan, the average operating room is anticipated to be staffed nine hours a day, for 260 days per year, and utilized at least 80 percent of the available time. The standard number of hours per operating room per year based on these assumptions is 1,872 hours.”

Dividing the total 17,566 surgical hours by 1,872 hours per operating room per year yields a need for 9.4 operating rooms at Wesley Long in FFY 2022. On page 68, the applicants state:

“Based on this calculated need, Wesley Long Hospital proposes to operate ten (10) operating rooms upon completion of the proposed project. Wesley Long is currently licensed for fourteen (14) operating rooms. Cone Health proposes to de-license four (4) operating rooms at Wesley Long following the proposed project.”

In FFY 2023, the third project year of Cone Health’s concurrently filed CON application for the Moses Cone campus (Project ID #G-11104-15), Cone Health projects the following surgical cases and operating room inventory for its Greensboro campuses.

**Table IV-13 Cone Health Greensboro Campuses
 Projected Surgical Cases and Operating Room Inventory
 FFY 2023**

	Moses Cone	Wesley Long	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Inpatient Surgical Case Volume*	8,393	5,506	0	0	13,899
Outpatient Surgical Case Volume	4,957	2,111	7,984	4,812	19,864
Total Surgical Hours	33,946	17,902	14,982	8,846	75,676
Calculated Operating Room Need	18.1	9.6	8.0	4.7	40.4
Proposed Operating Rooms*	18	10	8	5	41
Excluded Operating Rooms	5	0	0	0	5
Total Operating Rooms**	23	10	8	5	46

* Excludes open heart and trauma

**Includes four dedicated open heart ORs and one trauma OR

Minor Procedure Room

Step 1 – Identify Cases Appropriate for a Minor Procedure Room

The primary procedure to be performed in the proposed procedure room is cystoscopy. On pages 69-70, the applicants state there were a total of 517 cystoscopy procedures performed at Wesley Long in FFY 2015 (annualized 9 months of actual data). The applicants state 90% (465) of those would be appropriate for a procedure room based on clinical opinion of operative Services leaders at Cone Health. Therefore, as part of Cone Health’s Greensboro area operative services reorganization, the applicants use the shift of 465 cystoscopy cases from operating rooms to the proposed procedure room as the baseline for its procedure room projections.

Step 2 – Project a Growth Rate for Cystoscopy

On page 70, the applicants once again reference the use of The Advisory Board Company’s Market Estimator tool to determine 10-year growth rates by surgical specialty. The applicants further state that this tool takes into account local demographics for the identified service area and applies national trends, such as technological advancement, medical management, shifts in care setting from inpatient to outpatient, and continuing health care reform to the local demographics, resulting in a specific projection for the identified service area by type of case for both inpatient and outpatient surgeries. The applicants state that the proposed methodology uses the tool’s calculated growth rate for cystoscopy of 3.4% annually for the next ten years, which grows the 2015 baseline of 465 to 589 procedures by FFY 2022.

Step 3 – Identify Additional Appropriate Cases for a Minor Procedure Room

Based on Cone Health’s reconfiguration of its Greensboro campuses’ surgical services and the shift of more orthopedic surgery to Wesley Long, the applicants project that by the third operating year, an additional 100 minor orthopedic procedures will be performed in the procedure room.

Step 4 – Calculate Utilization of the Proposed Minor Procedure Room

Although there are no performance standards for procedure rooms in the SMFP, Cone Health uses the operating room standards of 1.5 hours per procedure and 1,872 hours per room for estimating its procedure room utilization. The applicants project utilization of the procedure room on page 71, as summarized below.

**Table IV-14 Procedure Room Utilization
Wesley Long**

Procedure Type	FFY 2022 Volume
Cystoscopy	589
Orthopedic Minor Procedures	100
Total Procedures	689
Total Procedural Time	1,033.5
Procedure Rooms Needed	0.55

The applicants state that based on the performance standards for operating rooms, as applied above and rounded to the next nearest whole number, Wesley Long’s proposed addition of one minor procedure room is justified.

The applicants adequately demonstrate the projected utilization is based on reasonable and supported assumptions. Thus, the applicants adequately demonstrate the need the identified population has for the proposed services.

Access

In Section VI.2, page 81, the applicants state:

“Cone Health does not discriminate against low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or other underserved persons, including the medically indigent, the uninsured and the underinsured. In general, the health services of Cone Health are available to any patient in need without restriction of any kind.”

The applicants further address access to its services in Section VI. On page 89, the applicants provide the following payor mix for the second full fiscal year of the proposed project.

**Wesley Long Surgery
Projected Cases as a Percent of Total Cases
October 1, 2020- September 30, 2021**

Payor Category	% of Total Cases
Self Pay/ Indigent	2.1%
Medicare/ Medicare Managed Care	46.1%
Medicaid	5.6%
Managed Care / Commercial Insurance	43.9%
Other (Champus, Workers Comp)	2.3%
Total	100.0%

Exhibit 24 contains copies of Cone Health's patient admitting, accounting and non-discrimination policies. The discussion on access found in Criterion (13) is incorporated herein by reference.

The applicants adequately demonstrate the extent to which all residents of the area, including underserved groups, are likely to have access to the services proposed.

Conclusion

In summary, the applicants adequately identify the population to be served; adequately demonstrate the need the population to be served has for the proposed services; and demonstrate the extent to which all residents of the area, including underserved groups, are likely to have access to the 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

In Section III, the applicants adequately demonstrate, based on the proposed service area population growth and projected surgical utilization at Cone Health facilities, the needs of the population presently served and to be served at Wesley Long will be adequately met with the proposed project reducing the number of shared operating rooms from 14 to 10. The discussions regarding analysis of need, including projected utilization, and access found in Criterion (3) are incorporated herein by reference.

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

CA

In Section III.8, pages 48-50, the applicants discuss the alternatives considered prior to the submission of this application, which include:

- 1) Maintain the Status Quo – The applicants state that maintaining the status quo does not relieve any of the constraints discussed in Section III of the application that are caused by the undersized operating rooms or by the size of existing PACU space. Therefore, this option was rejected.
- 2) Renovate Space within the Current Footprint of the Surgical Suite – The applicants state that the structural steel column layout of the surgical suite prevents renovating appropriate sized operating rooms without having columns within the OR hindering staff and physician movement. Therefore, this option was rejected.
- 3) Renovate Existing Space and Construct New Space - The applicants state that the project as proposed to renovate existing space in combination with new construction for the development of ten appropriately sized operating rooms, one procedure room and a corresponding PACU is the most cost-effective option to meet current and future demand.

The applicants demonstrate that the proposed project to renovate existing space and add new construction is an effective alternative to address the current and future demand for surgical services at Wesley Long.

Furthermore, the application is conforming to all other statutory review criteria. Therefore, the application is approvable. An application that cannot be approved is not an effective alternative.

In summary, the applicants adequately demonstrate that their 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. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall materially comply with all representations made in the certificate of need application.**
- 2. Upon completion of this project, Wesley Long shall be licensed for 10 operating rooms and one procedure room. At completion of this project and Project I.D. #G-11104-15, Cone Health, License #HO159, shall be licensed for 46 operating rooms, as shown below.**

**Cone Health-Greensboro
 Licensed Operating Rooms**

	Moses Cone	Wesley Long	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Operating Rooms*	18	10	8	5	41
Excluded Operating Rooms**	5	0	0	0	5
Total Operating Rooms**	23	10	8	5	46

* Excludes open heart and trauma

**Includes four dedicated open heart ORs and one trauma OR

3. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall not perform gastrointestinal endoscopy procedures in the procedure room.**
 4. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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 that would otherwise require a certificate of need.**
 5. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicants’ representations in the written statement as described in paragraph one of Policy GEN-4.**
 6. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall acknowledge acceptance of and agree to comply with all conditions stated herein to the 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

The applicants propose to renovate existing space and construct new space on the first floor of Wesley Long for a surgical suite, PACU and surgical support space. Wesley Long is currently licensed for 14 shared operating rooms located within the surgical suite on the first floor. At

project completion, Wesley Long will be licensed for a total of 10 shared operating rooms and one procedure room.

Capital and Working Capital Costs

In Section VIII, page 102, the applicants project the total capital cost of the proposed project will be \$38,528,414, including:

Costs	Total Costs
Site Costs	\$ 3,581,325
Construction Contract	\$ 19,839,703
Fixed Equipment	\$ 6,655,864
Furniture / IT / Signage	\$ 202,478
Consultant Fees	\$ 4,746,461
Contingency	\$ 3,502,583
Total Capital Costs	\$ 38,528,414

In Section IX, page 107, the applicants state there are no start-up or initial operating expenses for this project.

Availability of Funds

In Section VIII.3, page 103, the applicants state that the total capital cost will be funded with the accumulated reserves of Cone Health. Exhibit 29 contains a letter from the Chief Financial Officer of Cone Health which documents its commitment to fund the proposed project and the availability of funds.

Exhibit 30 contains the audited consolidated financial statements for The Moses H. Cone Memorial Hospital and Affiliates for years ending September 30, 2014 and 2013. According to the financial statements, as of September 30, 2014, Cone Health had \$45,817,000 in cash and cash equivalents, \$349,024,000 in total current assets, \$2,330,007,000 in total assets and \$1,489,691,000 in total net assets (total assets less total liabilities). The applicants adequately demonstrate the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicants project a positive net income for the surgical services at Wesley Long in each of the first three operating years of the project as shown in the table below.

Wesley Long Surgical Services	Project Year 1 FFY2020	Project Year 2 FFY2021	Project Year 3 FFY2022
Operating Room Cases	6,072	6,881	7,023
Projected Average Charge per Case	\$20,596	\$21,113	\$21,833
Gross Patient Revenue	\$125,058,800	\$145,276,499	\$153,332,780
Deductions from Gross Patient Revenue	\$70,769,418	\$82,640,289	\$87,667,333
Net Patient Revenue	\$54,289,382	\$62,636,210	\$65,665,447
Total Expenses	\$40,370,697	\$46,041,856	\$48,172,188
Net Income	\$13,918,685	\$16,594,353	\$17,493,258

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

The applicants also project a positive net income for the entire licensed hospital in each of the first three operating years of the project as illustrated in Form B in the Pro Forma Section of the application. The assumptions used by the applicants in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the related assumption pages in the Pro Forma Section for the assumptions regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

In summary, the applicants adequately demonstrate that sufficient funds will be available for the capital needs of the project. Furthermore, the applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Therefore, the application is conforming to this criterion.

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

C

The applicants propose to renovate existing space and construct new space on the first floor of Wesley Long for a surgical suite, PACU and surgical support space. Wesley Long is currently licensed for 14 shared operating rooms located within the surgical suite on the first floor. At project completion, Wesley Long will be licensed for a total of 10 shared operating rooms and one procedure room.

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. *“The operating room planning areas are the single and multicounty groupings shown in Figure 6.1.”* Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county service area. Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table summarizing data from the 2015 SMFP shows the total inventory of operating rooms in Guilford County.

	Inpatient ORs	Ambulatory ORs	Shared ORs	CON Adjustments	Total
Premier Surgery Center	0	0	0	2	2
Greensboro Specialty Surgical Center	0	3	0	0	3
Carolina Birth Center	0	1	0	0	1
Surgical Center of Greensboro	0	13	0	0	13
Surgical Eye Center	0	4	0	0	4
High Point Surgery Center	0	6	0	0	6
Piedmont Surgical Center	0	2	0	0	2
High Point Regional Health System	3	0	9	-1	10
Kindred Hospital - Greensboro	0	0	1	0	1
Cone Health*	4	13	37	0	54
Total	7	42	47	1	97

*Includes Moses Cone, Wesley Long, Women's Hospital, Moses Cone Surgery Center and Wesley Long Surgery Center

In Section III.9, page 51, the applicants state:

“Cone Health is the largest provider of surgical services in the service area. Wesley Long Hospital and Cone Health seek to improve the facility’s ability to provide care for its existing, well-established patient population. The proposed project seeks to renovate existing space and construct new space in order to improve outdated, inadequate space in the existing hospital. Therefore, other providers cannot meet this need.”

The applicants do not propose to increase the number of licensed operating rooms in any category, add services, or acquire equipment for which there is a need determination methodology in the 2015 SMFP. In fact, upon completion of this project and the concurrently filed Project ID #G-11104-15 (relocate acute care beds and operating rooms from Women’s Hospital to the Moses Cone Campus), the applicants will de-license four operating rooms at Wesley Long and four on the Cone Campus. The Moses Cone Memorial Hospital (all campuses) will be licensed for 46 operating rooms (four dedicated inpatient, 29 shared and 13 ambulatory).

The information provided by the applicants in the application is reasonable and adequately demonstrates that the proposed project will not result in the unnecessary duplication of existing or approved health service capabilities or facilities in the service area. Therefore, the application is conforming to this criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

In Section VII, pages 91, the applicants provide Wesley Long’s current and projected surgical staffing for the second operating year, as shown in the following table.

**Wesley Long Surgical Services
 Current and Projected Staffing
 Full Time Equivalent (FTE)**

	Current Staff FFY 2015	Projected Staff FFY 2021
Employee Category	Total # FTE Positions	Total # FTE Positions
Professional Health Care Administrators	4.0	5.0
Registered Nurses (RN)	42.7	54.3
Nursing Technicians	5.8	7.7
Surgical Technicians	21.9	29.1
Anesthesia Technicians	1.0	3.4
CRNA	17.3	23.4
RN Specialty Coordinator	3.0	5.0
All "non-health professionals" and "technical" personnel	2.9	3.9
Total Staff*	98.6	131.8

*The above staffing does not include support services staff, such as respiratory therapists, pharmacists, lab technicians, housekeeping staff, and maintenance engineers, who may provide services to surgical patients, but are not considered part of the surgical services department.

In Section VII.3, page 92, the applicants state that the additional projected FTE positions are necessary to support the increased volume and expanded hours of operation upon completion of the proposed project.

The applicants further state, *“Cone Health is among the largest employers in the Triad region of North Carolina.”* The applicants state that Cone Health has a human resources staff dedicated to recruitment and retention of employees, has not experienced difficulty hiring staff and does not anticipate any problems filling future positions. Procedures for recruitment and retention of staff and physicians are discussed on pages 96-97. On page 95, the applicants provide a table showing the number of projected FTE positions by area of operation within surgical services.

In Section VII.9, pages 98-99, the applicants identify the Medical Director of Surgical Services and provide a listing of active medical staff at Wesley Long.

The applicants adequately demonstrate the availability of sufficient health manpower to provide the proposed surgical services. Therefore, the application is conforming to this criterion.

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

C

In Section II.2, page 21, the applicants identify the ancillary and support services that are currently available at Wesley Long. The applicants state,

“As an established provider of surgical services, Wesley Long Hospital maintains all of these required ancillary and support services, which will continue to be available to support the proposed project.”

Exhibit 8 contains a letter from Wesley Long President and Sr. Vice President and Chief Inclusion Officer at Cone Health documenting the availability of the necessary ancillary and support services. The applicants discuss coordination with the existing health care system in Section V, pages 72-80. The applicants provide supporting documentation in Exhibit 23. The information provided in these sections and exhibits is reasonable and supports a finding of conformity with 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.

C

The applicants propose to develop the proposed project in a combination of existing and newly constructed space located on the first floor of Wesley Long. New construction will total 31,650 square feet and 17,400 square feet will be renovated. Exhibit 27 contains a letter from HKS which estimates site preparation costs and construction costs will total \$23,421,028 and equipment, consultant fees and contingency will total \$15,107,386 which corresponds to the total project capital cost projection of \$38,528,414 provided by the applicants in Section VIII, page 102. In Section XI.8, page 116-117, the applicants describe the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

- (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 and VI.13, pages 88-89, the applicants provide the payor mix during FFY 2014 for the entire facility and the surgical service component, as illustrated in the table below:

**Wesley Long
FFY 2014 (10/1/13-9/30/14)
Cases as a Percent of Total Cases**

	Entire Facility	Surgical Services
Self-Pay / Indigent / Charity	4.0%	3.1 %
Medicare/Medicare Managed Care	36.9%	46.1%
Medicaid	11.8%	4.6%
Managed Care /Commercial Insurance	43.7%	43.9%
Other (Champus, Workers Comp)	3.6%	2.3%
Total	100.0%	100.0%

Totals may not sum due to rounding.

In Section VI.2, page 81, the applicants state:

“Cone Health does not discriminate against low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or other underserved persons, including the medically indigent, the uninsured and the underinsured. In general, the health services of Cone Health are available to any patient in need without restriction of any kind.”

Exhibit 24 contains copies of Cone Health’s patient admitting, accounting, financial assistance, and non-discrimination policies.

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. More current data, particularly with regard to the estimated uninsured percentages, was not available. The following counties comprise the projected counties of residence for the patients to be served by the proposed surgical service.

	2010 Total # of Medicaid Eligibles as % of Total Population	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population	2009 % Uninsured CY 2009 (Estimate by Cecil G. Sheps Center)
Guilford	15.3%	5.9%	19.5%
Alamance	16.4%	6.2%	21.0%
Randolph	18.6%	7.2%	19.5%
Rockingham	19.9%	9.3%	19.0%
Forsyth	16.1%	5.7%	19.5%
Statewide	16.5%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the imaging services proposed in this application.

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 48.6% for those age 20 and younger and 31.6% 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 applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities, women or handicapped persons utilizing health services.

The applicant demonstrates that medically underserved populations currently have adequate access to the services offered at Wesley Long. 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 88, the applicants state:

“Cone Health has no obligation under applicable Federal regulations to provide uncompensated care, community service, or access to care by minorities and handicapped persons.”

The applicants state they are dedicated to providing care to all members of the community, regardless of ability to pay. See Exhibit 24 for Cone Health's Patient Admission, Coverage Assistance and Financial Assistance, Hardship, and Non-discrimination policies. In Section VI.10, page 88, the applicants state that they are not aware of any documented civil rights access complaints or violations filed against Cone Health in the last 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

The applicants address access to the proposed services in Section VI. On page 89, the applicants provide the following payor mix for the second full fiscal year of the proposed project.

**Wesley Long Surgery
Projected Cases as a Percent of Total Cases
October 1, 2020- September 30, 2021**

Payor Category	% of Total Cases
Self Pay/ Indigent	2.1%
Medicare/ Medicare Managed Care	46.1%
Medicaid	5.6%
Managed Care / Commercial Insurance	43.9%
Other (Champus, Workers Comp)	2.3%
Total	100.0%

The applicants state:

“Although the future of Medicaid in North Carolina is uncertain, Cone Health believes that through Medicaid reform or expansion, many of the uninsured in North Carolina will be covered by Medicaid in the future. Accordingly, the methodology assumed that Medicaid expansion will occur in FY 2020, triggering a shift in payor mix of one percentage point from Self Pay/Indigent to Medicaid. This coverage increase is not expected to impact projected surgical volumes. Other payor sources are based on current FY 2015 year-to-date (October 1, 2014 – June 30, 2015) ratios and will remain essentially unchanged.”

In Section VI.2, page 81, the applicants describe the policy for providing access to the facility, as follows:

“Cone Health is a private, not-for-profit organization established to serve the community by providing high quality, affordable, and comprehensive health care services to all patients, regardless of their economic status.

...

In general, the health services of Cone Health are available to any patient in need without restriction of any kind.”

Exhibit 24 contains Cone Health’s Non-discrimination Policy. Exhibit 25 contains a copy of Cone Health’s “Report to the Community” describing a variety of community initiatives and financial support provided by Cone Health.

The applicants demonstrate that medically underserved populations will continue to have adequate access to surgical services at Wesley Long. Therefore, the application is conforming to this criterion.

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

C

In Section VI.9, page 86, the applicants document the range of means by which patients have access to the surgical services provided at Wesley Long. The applicants state that patients typically are referred by area physicians and other hospitals. The applicants further state that patients may self-refer to the emergency department and, depending on their clinical diagnosis, may then be referred for surgical services. The applicants state, “*Cone Health accepts referrals from a variety of healthcare providers and organizations and will not turn patients away.*” The information provided is reasonable and supports a finding of conformity with this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section V.1, pages 72-73, the applicants document that Cone Health accommodates the clinical needs of health professional training programs in the service area and that they will continue to do so. The applicants provide a list of the health professional training programs that currently utilize the training opportunities at Cone Health on page 73. The information provided is reasonable and supports a finding of conformity with this criterion.

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

C

The applicants propose to renovate existing space and construct new space on the first floor of Wesley Long for a surgical suite, PACU and surgical support space. Wesley Long is currently licensed for 14 shared operating rooms located within the surgical suite on the first floor. At project completion, Wesley Long will be licensed for a total of 10 shared operating rooms and one procedure room.

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. “*The operating room planning areas are the single*

and multicounty groupings shown in Figure 6.1.” Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county service area. Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table, summarizing data from the 2015 SMFP, shows the total inventory of operating rooms in Guilford County.

	Inpatient ORs	Ambulatory ORs	Shared ORs	CON Adjustments	Total
Premier Surgery Center	0	0	0	2	2
Greensboro Specialty Surgical Center	0	3	0	0	3
Carolina Birth Center	0	1	0	0	1
Surgical Center of Greensboro	0	13	0	0	13
Surgical Eye Center	0	4	0	0	4
High Point Surgery Center	0	6	0	0	6
Piedmont Surgical Center	0	2	0	0	2
High Point Regional Health System	3	0	9	-1	10
Kindred Hospital - Greensboro	0	0	1	0	1
Cone Health*	4	13	37	0	54
Total	7	42	47	1	97

*Includes Moses Cone Hospital, Wesley Long, Women's Hospital, Moses Cone Surgery Center and Wesley Long Surgery Center

In Section III.9, page 51, the applicants state:

“Cone Health is the largest provider of surgical services in the service area. Wesley Long and Cone Health seek to improve the facility’s ability to provide care for its existing, well-established patient population. The proposed project seeks to renovate existing space and construct new space in order to improve outdated, inadequate space in the existing hospital. Therefore, other providers cannot meet this need.”

The applicants do not propose to increase the number of licensed operating rooms in any category, add services, or acquire equipment for which there is a need determination methodology in the 2015 SMFP. In fact, upon completion of this project and the concurrently filed Project ID #G-11104-15 to relocate acute care beds and operating rooms from Women’s Hospital to the Moses Cone Hospital Campus, the applicants will de-license four operating rooms at Wesley Long and four on the Cone Campus. The Moses Cone Memorial Hospital (all campuses) will be licensed for 46 operating rooms (four dedicated inpatient, 29 shared and 13 ambulatory) upon completion of both projects.

In Section V.7, pages 79-80, the applicants discuss how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services. The applicants state:

“Cone Health is a leader in the cost effectiveness and quality of hospital-based inpatient and outpatient services delivered to the residents of its service area. Moreover, Cone

Health, as a fundamental part of its community service mission, makes these services accessible to all community residents. The proposed project will result in a more efficient surgical suite with additional PACU capacity that will more effectively serve patients. By utilizing existing and new space to reconfigure surgical services, Cone Health has chosen the most cost-effective option, thereby improving the value to the patient and fostering competition.”

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

The information provided by the applicants in the application 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 applicants adequately demonstrate the need to renovate surgical services and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicants adequately demonstrate that they will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicants demonstrate that they will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3), (3a) and (13) are incorporated herein by reference.

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

Exhibit 4 contains a list of Cone Health owned health care facilities. The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System manages Cone Health. Exhibit 5 contains a list of Carolinas HealthCare System owned and/or managed healthcare facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by Cone Health or Carolinas HealthCare System in North Carolina. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at Cone Health and Carolinas HealthCare System facilities, the applicants provided sufficient evidence

that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The Criteria and Standards for Surgical Services and Operating Rooms, and Gastrointestinal Endoscopy Procedure Rooms in Licensed Health Service Facilities, promulgated in 10A NCAC 14C .2100 and 10A NCAC 14C .3900, respectively, are not applicable to this review because the applicants are not proposing to develop new operating rooms, endoscopy rooms or surgical services. The applicants are proposing to renovate existing space and construct space for a surgical suite, PACU, procedure room, and surgical support space.