

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: March 31, 2017

Findings Date: March 31, 2017

Project Analyst: Bernetta Thorne-Williams

Team Leader: Fatimah Wilson

Project ID #: G-11289-17

Facility: Mebane Dialysis

FID #: 170018

County: Alamance

Applicant: Renal Treatment Centers-Mid Atlantic, Inc.

Project: Develop a new 10-station dialysis facility in Alamance County by relocating four stations from Burlington Dialysis and six stations from North Burlington Dialysis

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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

Renal Treatment Centers-Mid Atlantic, Inc. (RTC-Mid Atlantic) d/b/a Mebane Dialysis proposes to develop a new 10-station dialysis facility in Mebane by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis. The two existing facilities and the proposed facility will be located in Alamance County. The applicant does not propose to add dialysis stations to an existing facility or to establish new dialysis stations. Upon completion of this project, Mebane Dialysis will be certified for 10 dialysis stations, Burlington Dialysis will be certified for 12 dialysis stations upon completion of this project and Project I.D. # G-11212-16 (relocate eight stations) (24-8-4= 12) and North Burlington Dialysis will be certified for 14 dialysis

stations upon completion of this project, Project I.D. # G-11089-15 (add six stations) and Project I.D. # G-11212-16 (relocate two stations) (16 +6-2-6 = 14).

Need Determination

The applicant is proposing to relocate existing dialysis stations within Alamance County, therefore there are no need methodologies in the 2017 State Medical Facilities Plan (2017 SMFP) applicable to this review.

Policies

POLICY ESRD-2: RELOCATION OF DIALYSIS STATIONS on page 27 of the 2017 SMFP is applicable to this review.

Policy ESRD-2 states:

“Relocations of existing dialysis stations are allowed only within the host county and to contiguous counties. Certificate of need applicants proposing to relocate dialysis stations to a contiguous county shall:

1. Demonstrate that the facility losing dialysis stations or moving to a contiguous [sic] county is currently serving residents of that contiguous [sic] county; and

2. Demonstrate that the proposal shall not result in a deficit, or increase an existing 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

3. Demonstrate that the proposal shall not result in a surplus, or increase an existing 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 develop a new 10-station dialysis facility, Mebane Dialysis, in Mebane, by relocating existing dialysis stations from both Burlington Dialysis and North Burlington Dialysis. The two existing facilities and the proposed facility will be located in Alamance County, thus there will be no change in the dialysis station inventory in Alamance County. Therefore, the application is consistent with Policy ESRD-2.

Conclusion

In summary, the applicant adequately demonstrates that the application is consistent with the applicable policy in the 2017 SMFP.

Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop a new 10-station dialysis facility in Mebane by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis. The two existing facilities and the proposed facility will be located in Alamance County. The applicant does not propose to add dialysis stations to an existing facility or to establish new dialysis stations. Upon completion of this project, Mebane Dialysis will be certified for 10 dialysis stations. Burlington Dialysis will be certified for 12 dialysis stations following completion of this project and Project I.D. # G-11212-16 (relocate eight stations) ($24-8-4=12$) and North Burlington Dialysis will be certified for 14 dialysis stations following completion of this project, Project I.D. # G-11089-15 (add six stations) and Project I.D. # G-11212-16 (relocate two stations) ($16+6-2-6=14$).

Patient Origin

On page 373, the 2017 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 counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Alamance County. Facilities may also serve residents of counties not included in their service area.

Mebane Dialysis will be a new facility in Alamance County and therefore has no existing patient origin.

In Section C.1, page 14, the applicant identifies the patient population it proposes to serve for the first two years of operation following project completion for in-center (IC) patients. The applicant does not propose to serve home hemodialysis or peritoneal dialysis patients, as illustrated in the following table:

Mebane Dialysis Projected Patient Origin

County	Operating Year 1 CY 2019	Operating Year 2 CY 2020	County Patients as a % of Total	
	IC	IC	OY1	OY2
Alamance	33	34	97.1%	97.1%
Orange	1	1	2.9%	2.9%
Total	34	35	100.0%	100.0%

See pages 14-16 for the assumptions and methodology used to project patient origin including a summary of the patient support letters found in Exhibit C-1.

The applicant adequately identifies the population to be served.

Analysis of Need

In Section C.2, page 16, the applicant states that it determined a need for a new dialysis facility in Alamance County based on the fact that many of its in-center dialysis patients live in or near the eastern part of the county and the facilities that are currently operational or underdevelopment in Alamance County are located in the northern, western or central parts of the county.

In Section C, pages 15-17, the applicant states after an analysis of patient data it determined that at least 33 in-center patients who currently receive dialysis treatment at DaVita operated facilities lived in ZIP Code areas of eastern Alamance County and one patient resided in a ZIP Code area of Orange County.

Based on the signed letters from patients currently dialyzing at DaVita operated facilities in other areas Alamance County, the applicant concluded that the proposed new facility will be located closer to where a significant number of its patients reside. In Section C.2, page 16, the applicant states:

“In order to make the travel to dialysis – three times a week for in-patients [sic] – more convenient, it was determined that DaVita needs to provide a dialysis center nearer to their homes for better access to their dialysis services and support.”

See Exhibit C-1 which contains 33 patient letters of support which state:

“I fully support this new dialysis facility ... to be built in Mebane. ... Having my dialysis treatments at Mebane Dialysis would be more convenient for me. I could travel between home and that location more easily and quickly, which would save me time and money.”

Projected Utilization

In Section C.1, pages 14-16, the applicant provides the assumptions and methodology used to project utilization for the proposed facility. The assumptions and methodology are summarized as follows:

- The applicant states that it received 33 letters of support from in-center patients dialyzing at Burlington and North Burlington Dialysis facilities indicating their willingness to consider transferring their care to the proposed facility. Thus, the patients and the stations are projected to come from Burlington and North Burlington Dialysis facilities.
- The applicant assumes that the in-center patients who are residents of Alamance County will increase at a rate commensurate with Alamance County’s Five Year Average Annual Change Rate (AACR) of 3.7%, as published in Table B of the January 2017 Semi-Annual Dialysis Report (SDR), through the second operating year.
- The applicant states 32 in-center patients who have expressed an interest in transferring their care to the proposed new facility are residents of Alamance County.
- The applicant states one in-center patient who has expressed an interest in transferring their care to the proposed new facility resides in Orange County.

In Section C.1, page 15, the applicant provides the calculations used to arrive at the projected in-center patient census for Operating Years (OY) 1 (CY2019) and 2 (CY2020), as follows:

Mebane Dialysis	In-Center Patients
January 1, 2019, the beginning of Operating Year 1, will begin with 32 in-center patients who have transferred their care from other DaVita dialysis facilities.	32
Growth is projected during OY1 by multiplying the beginning census by the Alamance County Five Year AACR of 3.7%.	$32 \times 1.037 = 33.184$
The applicant then adds in the one in-center patient from Orange County. This is the ending census for OY1, December 31, 2019.	$33.184 + 1 = 34.184$
Growth is projected again for OY2 by multiplying the Alamance County in-center patients by the Alamance County Five Year AACR of 3.7%.	$33.184 \times 1.037 = 34.411$
The applicant then adds in the one in-center patient from Orange County. This is the ending census for OY1, December 31, 2020.	$34.411 + 1 = 35.411$

The applicant states on page 15 that the number of projected patients for OY1 and OY2 are rounded down to the nearest whole number. Therefore, at the end of OY1 (CY 2019)

the facility is projected to serve 34 in-center patients and at the end of OY2 (CY2020) the facility is projected to serve 35 in-center patients.

The projected utilization rates for the first two operating years are as follows:

- OY1: 3.4 patients per station per week, or 85% (34 patients/ 10 stations = 3.4/4 = .85 or 85%).
- OY2: 3.5 patients per station per week, or 87.5% (35 patients/ 10 stations = 3.5/4 = .875 or 87.5%).

The projected utilization of 3.4 patients per station per week at the end of OY1 exceeds the minimum standard of 3.2 in-center patients per station per week required by 10A NCAC 14C .2203(b).

Projected utilization is based on reasonable and adequately supported assumptions regarding continued growth.

Home hemodialysis and peritoneal dialysis

The applicant does not proposed to offer home training and support services. In Section I, page 40, the applicant states home hemodialysis and peritoneal dialysis training and support will be available at Burlington Dialysis. See Exhibit I-1 for a copy the service agreement between Burlington Dialysis and the proposed Mebane Dialysis to provide home training and support services.

Access to Services

In Section C.3, page 16, the applicant states:

“By policy, the proposed services will be made available to all residents in its service area without qualifications. The facility will serve patients without regard to race, sex, age, or handicap. We will serve patients regardless of ethnic or socioeconomic situation.”

In addition, the applicant projects, in Section L.1, page 50, that 78.1% of its patients at Mebane Dialysis will have some or all of their expenses paid by either Medicare or Medicaid. The applicant states that the projected payor mix for the proposed facility is based on sources of payment for DaVita operated facilities in Alamance County for the last full operating year. The applicant adequately demonstrates the extent to which all residents of the area, including the medically underserved, are likely to have access to the proposed services.

Conclusion

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

RTC-Mid Atlantic proposes to develop a new 10-station dialysis facility in Mebane by relocating by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis. The two existing facilities and the proposed facility will be located in Alamance County. The applicant does not propose to add dialysis stations to an existing facility or to establish new dialysis stations. Upon completion of this project, Mebane Dialysis will be certified for 10 dialysis stations, Burlington Dialysis will be certified for 12 dialysis stations following completion of this project and Project I.D. # G-11212-16 (relocate eight stations) ($24-8-4= 12$) and North Burlington Dialysis will be certified for 14 dialysis stations following completion of this project, Project I.D. # G-11089-15 (add six stations) and Project I.D. # G-11212-16 (relocate two stations) ($16 +6-2-6 = 14$).

In Section D.1, pages 24-27, the applicant discusses how the needs of dialysis patients at Burlington Dialysis and North Burlington Dialysis will continue to be met following the relocation of stations to Mebane Dialysis.

Burlington Dialysis

In Section D.1, page 24, the applicant states that as of June 30, 2016, as reported in the January 2017 SDR, there were 95 in-center dialysis patients at Burlington Dialysis dialyzing on 24 dialysis stations, for a utilization rate of 98.96%. In addition, the applicant states that 79 of the 95 in-center patients lived in Alamance County and that 16 lived outside Alamance County.

RTC-Mid Atlantic proposes to relocate four dialysis stations from Burlington Dialysis to the proposed Mebane Dialysis. In Section C.1, page 15, the applicant projects that 17 in-center patients currently receiving services at Burlington Dialysis will transfer to Mebane Dialysis. The applicant states on page 24, that RTC-Mid Atlantic was approved in Project

I.D. # G-11212-16 to develop Elon Dialysis by relocating eight dialysis stations from Burlington Dialysis. In Project I.D. # G-11212-16, the applicant also projected that 31 in-center patients would transfer their services to Elon Dialysis. Upon completion of this project and Project I.D. # G-11212-16 the applicant projects Burlington Dialysis will have 12 dialysis stations [24-8-4=12].

The applicant assumes that the number of in-center patients at Burlington Dialysis who live in Alamance County will increase at 3.7% per year based on the Five Year AACR for Alamance County, as reported in Table B of the January 2017 SDR. The applicant assumes that no growth will occur for the one in-center patient living outside of Alamance County. In Section D.1, page 25, the applicant calculates the in-center patient census for Burlington Dialysis starting July 1, 2016 through OY1 (CY2019) and OY2 (CY2020), as follows:

Burlington Dialysis	In-Center Patients
Beginning census for July 1, 2016 for Alamance County patients only, increased by half the Five Year AACR for Alamance County of 1.85%. Add 16 patients from outside Alamance County to arrive at the ending census for December 31, 2016.	$79 \times 1.0185 = 80.4615 + 16 = 96.4615$
Alamance County patient census for CY2017 is projected forward by 3.7%, the Five Year AACR for Alamance County. Add 16 patients from outside Alamance County to arrive at ending census for December 31, 2017	$80.4615 \times 1.037 = 83.4385 + 16 = 99.4385$
Alamance County patient census for CY2018 is projected forward by 3.7% Five Year AACR for Alamance County. Reduce the in-center patient population by 31 patients (24 patients from Alamance County and seven patients from outside the county) per Project I.D. # G-11212-16. Add 9 patients from outside Alamance County to arrive at ending census for December 31, 2018.	$83.4385 - 24 = 59.4385 \times 1.037 = 61.6378 + 16 - 7 = 70.6378$
OY1 (CY2019) Alamance County patient census for CY2019 is projected forward by 3.7%, the Five Year AACR for Alamance County. (After subtracting 16 Alamance County patients and one Orange who are projected to transfer to the proposed Mebane Dialysis facility). Add 8 patients from outside Alamance County to arrive at ending census for December 31, 2019.	$61.6378 - 16 = 45.6378 \times 1.037 = 47.3263 - 1 + 8 = 54.3263$
OY2 (CY2020) Alamance County patient census for CY2020 is projected forward by 3.7%, the Five Year AACR for Alamance County. Add 8 patients from outside Alamance County to arrive at ending census for December 31, 2020.	$46.3263 \times 1.037 = 48.0404 + 8 = 56.0404$

The applicant rounds down the ending census numbers for OY1 and OY2. Burlington Dialysis is projected to have 54 in-center patients at the end of OY1 dialyzing on 12 stations for a utilization rate of 112.5%, or 4.5 patients per station per week (54 patients / 12 stations = 4.5/4 = 1.125 or 112.5%). The applicant states the following on page 25:

“Given this projected growth of the in-center patient population, additional Certificate of Need application(s) will be submitted based on facility need as the facility approaches full capacity of stations to ensure that the needs of the facility’s patients will continue to be met.”

North Burlington Dialysis

In Section D.1, pages 25-27, the applicant states that as of June 30, 2016, as reported in the January 2017 SDR, there were 73 in-center dialysis patients at North Burlington Dialysis dialyzing on 16 dialysis stations, for a utilization rate of 114.06%. In addition, the applicant states that all 73 in-center patients lived in Alamance County.

RTC-Mid Atlantic proposes to relocate six dialysis stations and transfer 16 in-center patients currently receiving services at North Burlington Dialysis to the proposed Mebane Dialysis facility. The applicant states on page 25, that DaVita was approved for the following projects as it relates to North Burlington Dialysis: Project I.D. # G-10265-14 (relocate two stations from North Burlington Dialysis to Alamance County Dialysis); Project I.D. # G-11015-15 (add two stations to North Burlington Dialysis pursuant to the facility need methodology); Project I.D. # G-11089-16 (add six stations to North Burlington Dialysis pursuant to the facility need methodology) leaving a total of 22 stations at North Burlington Dialysis. In Project G-11212-16, RTC-Mid Atlantic was approved to relocate two dialysis stations from North Burlington Dialysis to develop Elon Dialysis. In Project I.D. # G-11212-16 the applicant also projected that two patients dialyzing at North Burlington Dialysis would transfer their care to Elon Dialysis. In this application, the applicant proposes to relocate six dialysis station which would leave North Burlington Dialysis with 14 dialysis stations. [$16-2+2=16$; $16+6=22$; $22-2-6=14$].

The applicant assumes that the number of in-center patients at North Burlington Dialysis who live in Alamance County will increase at 3.7% per year based on the Five Year AACR for Alamance County, as reported in Table B of the January 2017 SDR. North Burlington Dialysis does not currently serve residents that reside outside of Alamance County nor does the applicant project to serve patients from outside the county. In Section D.1, page 26, the applicant calculates the in-center patient census for Burlington Dialysis starting January 1, 2016 through OY1 (CY2019) and OY2 (CY2020), as follows:

North Burlington Dialysis	In-Center Patients
Beginning census for July 1, 2016 for Alamance County patients is increased by half the Five Year AACR for Alamance County of 1.85%. This is the ending census for December 31, 2016.	$73 \times 1.0185 = 74.3505$
Alamance County patient census for CY2017 is projected forward by 3.7%, the Five Year AACR for Alamance County. This is the ending census for December 31, 2017	$74.3505 \times 1.037 = 77.1014$
Alamance County patient census for CY2018 is projected forward by 3.7% Five Year AACR for Alamance County. Reduce the in-center patient population by 2 patients per Project I.D. # G-11212-16. This is the ending census for December 31, 2018	$77.1014 - 2 = 75.1014 \times 1.037 = 77.8802$
OY1 (CY2019) Alamance County patient census for CY2019 is projected forward by 3.7%, the Five Year AACR for Alamance County. (After subtracting 16 Alamance County patients who are projected to transfer to the proposed Mebane Dialysis facility). This is the ending census for December 31, 2019.	$77.8801 - 16 = 61.8802 \times 1.037 = 64.1697$
OY2 (CY2020) Alamance County patient census for CY2020 is projected forward by 3.7%, the Five Year AACR for Alamance County. This is the ending census for December 31, 2020.	$64.1697 \times 1.037 = 66.5440$

North Burlington Dialysis is projected to have 64 in-center patients at the end of OY1 for a utilization rate of 114.28%, or 4.57 patients per station per week (64 patients/ 14 stations = $4.57/4 = 1.1428$ or 114.28%). The applicant states the following on page 27:

“Given this projected growth of the in-center patient population, additional Certificate of Need application(s) will be submitted based on facility need as the facility approaches full capacity of stations to ensure that the needs of the facility’s patients will continue to be met.”

Conclusion

The applicant demonstrates that the needs of the populations presently served at Burlington Dialysis and North Burlington Dialysis will continue to be adequately met following the proposed relocation of four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis to Mebane Dialysis and that access for medically underserved groups will not be negatively impacted.

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.

CA

In Section E.1, page 28, the applicant discusses the alternatives considered prior to submitting this application, which include:

- Maintaining the status quo – the applicant concluded that maintaining the status quo did not meet the growing need for dialysis services in Alamance County. Therefore, this is not an effective alternative.
- Locating the facility in another area of Alamance County – the applicant states that it analyzed the patient population currently being served at DaVita operated facilities in Alamance County and determined that eastern Alamance County was in significant need of a dialysis center. Building the facility in another part of the county would not provide better geographic access to patients currently being served. Therefore, this is not an effective alternative.

After considering the above alternatives, the applicant states that development of the new Mebane Dialysis facility would reduce the transportation demands faced by existing patients and increase the patients' quality of life and compliance with treatment schedules. Therefore, the proposed project is the most effective alternative to meet the identified need.

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. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis shall materially comply with all representations made in the certificate of need application.**
- 2. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis shall relocate no more than four dialysis stations from Burlington Dialysis and no more than six dialysis stations from North Burlington Dialysis for a total of no more than 10 dialysis stations at Mebane Dialysis.**
- 3. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis shall install plumbing and electrical wiring through the walls for no more than 10 dialysis stations, which shall include any isolation or home hemodialysis stations.**
- 4. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis shall take the necessary steps to decertify four dialysis stations at Burlington Dialysis**

for a total of no more than 12 dialysis stations at Burlington Dialysis upon completion of this project and Project I.D. # G-11212-16 (relocate eight stations).

5. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis shall take the necessary steps to decertify six dialysis stations at North Burlington Dialysis for a total of no more than 14 dialysis stations at North Burlington Dialysis upon completion of this project, Project I.D. # G-10265-14 (relocate two stations), Project I.D. # G-11015-15 (add two stations), Project I.D. # G-11089-16 (add six stations) and Project G-11212-16 (relocate two stations).

6. Renal Treatment Centers-Mid Atlantic, Inc. d/b/a Mebane Dialysis 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

The applicant proposes to develop a new 10-station dialysis facility in Mebane by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis.

Capital and Working Capital Costs

In Section F.1, page 29, the applicant provides the capital cost of the project as summarized in the following table:

Site Costs	\$25,000
Construction Contract	\$1,122,500
Dialysis Machines	\$151,580
Water Treatment Equipment	\$130,400
Equipment/Furniture	\$62,954
Architect & Engineering Fees	\$96,000
Total Capital Costs	\$1,588,434

In Section F.10, pages 31-32, and Section F.11, page 32, the applicant estimates start-up expenses of \$182,779 and initial operating expenses of \$753,802, respectively, for a total working capital \$936,581.

Availability of Funds

In Section F.2, page 30, the applicant states that accumulated reserves/owner's equity will be used to finance the project's capital costs. In Section F.13, page 33, the applicant states that the working capital costs will be financed with cash reserves. Exhibit F-5 contains a letter from DaVita Inc.'s Chief Accounting Officer, dated January 13, 2017, confirming DaVita's commitment to funding the project's capital costs and working capital costs with cash reserves.

In Exhibit F-7, the applicant provides a copy of DaVita HealthCare Partners, Inc. (DaVita) United States Securities and Exchange Commission Form 10-K for the fiscal year ended December 31, 2015. DaVita is RTC-Mid Atlantic parent company. DaVita had \$1,499,116,000 in cash and cash equivalents, \$18,514,875,000 in total assets, and \$5,948,238,000 in net assets (total assets less total liabilities). The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first two years of the project. In the pro forma financial statement (Form B), the applicant projects that revenues will exceed operating expenses in the first two operating years of the project, as shown in the table below.

	Operating Year 1	Operating Year 2
Total Treatments	4,965	5,113
Total Gross Revenues (Charges)	\$1,723,954	\$1,775,627
Total Net Revenue	\$1,654,883	\$1,704,528
Total Operating Expenses (Costs)	\$1,507,605	\$1,550,004
Net Income	\$147,279	\$154,524

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section R of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

In Section H.1, page 36, the applicant provides projected staffing and salaries. Form A in Section R, shows budgeted operating costs adequate to cover the projected staffing. The discussion regarding staffing found in Criterion (7) is incorporated herein by reference.

Conclusion

In summary, the applicant adequately demonstrates the financial feasibility of the project is based on reasonable projections of revenues (charges) and operating costs. 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

RTC-Mid Atlantic proposes to develop a new 10-station dialysis facility in Mebane by relocating by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis. The two existing facilities and the proposed facility are located in Alamance County. The applicant does not propose to add dialysis stations to an existing facility or to establish new dialysis stations. Upon completion of this project, Mebane Dialysis will be certified for 10 dialysis stations, Burlington Dialysis will be certified for 12 dialysis stations following completion of Project I.D. # G-11212-16 (relocate eight stations) (24-8-4= 12) and North Burlington Dialysis will be certified for 14 dialysis stations following completion of Project I.D. # G-11089-15 (add six stations) and Project I.D. # G-11212-16 (relocate two stations) (16 +6-2-6 = 14).

On page 373, the 2017 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 counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Alamance County. Facilities may also serve residents of counties not included in their service area.

The January 2017 SDR indicates there are six dialysis facilities in Alamance County with one of those facilities still under development, as follows:

**Alamance County Dialysis Facilities
 June 30, 2016**

Dialysis Facilities	Owner	# of Patients	Location	# of Certified Stations	# of Approved Stations	Percent Utilization
Alamance Dialysis	DaVita	0	Graham	10	0	0.0%
BMA Burlington	Fresenius	93	Burlington	45	0	51.67%
Burlington Dialysis	DaVita	95	Burlington	24	-8	98.96%
Carolina Dialysis-Mebane	Fresenius	56	Mebane	20	0	70.00%
Elon Dialysis	DaVita	Under development – New 10 station facility				
North Burlington Dialysis	DaVita	73	Burlington	16	4	114.06%

Source: January 2017 SDR

As illustrated above, there are five existing dialysis facilities located in Alamance County and one facility under development. Of those six facilities, four facilities are operated by DaVita and two facilities are operated by Fresenius. The proposed site for Mebane Dialysis is in the eastern part of Alamance County. Two of the facilities operated with a utilization rate over 80.0%, one with a utilization over 70.0%, and one facility operated with a utilization of over 51.0%. One facility operated by DaVita had no utilization to report as of June 30, 2016 because the stations were not certified until June 22, 2016 and another DaVita facility is still under development. Thus, all of the operational dialysis facilities in the county are reasonably well utilized.

The applicant is not increasing the number of dialysis stations in Alamance County, rather it is relocating 10 of them to develop a new facility that is closer to patients living in the area where the new facility will be located. Therefore, the applicant is not duplicating services, rather it is proposing to create a new facility to better serve existing patients using existing stations.

In Section C.1, page 14, the applicant demonstrates that Mebane Dialysis will serve a total of 34 in-center patients on 10 stations at the end of the first operating year, which is 3.4 patients per station per week, or a utilization rate of 85.0% ($34/10 = 3.4$; $3.4/4 = 0.85$ or 85.0%). The applicant provides documentation in Exhibit C-1 from 33 in-center patients at its Alamance County facilities indicating their willingness to consider transferring to Mebane Dialysis upon project completion because its location would be more convenient. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

The applicant adequately demonstrates the need to relocate stations to develop a new dialysis facility in Alamance County. The discussion on analysis of need found in Criterion (3) is incorporated herein by reference. The discussion on the needs of the population presently served at both Burlington Dialysis and North Burlington Dialysis, found in Criterion (3a), is incorporated herein by reference.

The applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved health service capabilities or facilities in Alamance 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

The applicant provides the projected staffing for Mebane Dialysis in Section H.1, page 36, illustrated as follows:

Position	Projected Number of FTEs
Medical Director*	
Registered Nurse	2.0
Patient Care Technician (PCT)	4.0
Administrator	1.0
Dietitian	0.5
Social Worker	0.5
Administrative Assistant	1.0
Biomedical Technician	0.3
Total	9.3

*The Medical Director is an independent contractor, not an employee of the facility.

In Section H.3, pages 37-38, the applicant states that it will fill positions by using a DaVita Teammate Recruiter, the Teammate Referral Program, and its Student Internship Program. In addition, the applicant states that it provides a wide range of benefits and competitive salaries to attract candidates for positions.

In Section H.7, page 39, the applicant provides the projected Direct Care Staff Hours for OY2, as follows:

Projected Direct Care Staff Hours – OY2

Direct Care Positions	# FTEs [a]	Hours / Year / FTE [b]	Total Annual FTE Hours [c] = [a] x [b]	Total Annual Hours of Operation [d]	FTE Hours / Hours of Operation [e] = [c] ÷ [d]
RN	2	2,080	4,160	3,120	1.3
PCT	4	2,080	8,320	3,120	2.7
Total	6	2,080	12,480	3,120	4.0

In Section H.2, page 37, the applicant states that the Medical Director for Mebane Dialysis will be Dr. Munsoor Lateef, a board certified nephrologist. In Exhibit I-3, the applicant provides a letter signed by Dr. Lateef, dated December 15, 2016, confirming his commitment to serve as Medical Director. Additionally, Dr. Lateef states in his letter that his Nephrology practice (Central Carolina Kidney Associates, P.A.), “will intend to refer, admit and round End Stage Renal Disease in-center [patients] to this facility.” In Exhibit I-3, the applicant provides letters signed by other doctors from Central Carolina Kidney Associates, P.A., also dated December 15, 2016, stating that their Nephrology practice, will “secure admission privileges and make referrals to the facility.”

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.

C

In Section I, pages 40-41, the applicant discusses the provision of necessary ancillary and support services to be provided for the proposed facility and provides a list of service providers on page 40. The applicant provides documentation regarding coordination with the existing health care system in Exhibits I-1, I-2 and I-3 including letters from several providers such as Burlington Dialysis agreeing to provide home training in home hemodialysis and peritoneal dialysis, DaVita Laboratory Services, Inc., vocational rehabilitation services, Alamance County Transportation Authority, and UNC Hospitals. The information in Section I and Exhibits I-1, I-2 and I-3 is reasonable and adequately 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

In Section K.2, page 45, the applicant states, the proposed facility is projected to consist of 3,495 square foot of treatment space which will include space for an isolation room. The applicant provides line drawings of the proposed facility in Exhibit K-1(a). The drawing depicts a 7,926 square foot facility, including office space, nine dialysis stations located in open space and one isolation dialysis station in an enclosed room, for a total of 10 stations. In Section F.1, page 29, the applicant lists its projected costs, including \$25,000 for site work and \$1,122,500 for construction and \$440,934 for miscellaneous costs including dialysis machines, water treatment equipment, furniture, and architect/engineering fees for a total project cost of \$1,588,434. In Section B.5, pages 11-13, the applicant describes its plans to assure improved energy-efficiency and water conservation. Costs and charges are described by the applicant in Section F, pages 29-33, and in Section R pro forma financial statements. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference.

The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative, that energy saving features have been incorporated into the construction plans 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

Mebane Dialysis would be a new facility, thus, it has no historical payor mix. In Section L.7, page 53, the applicant provides the payor mix for both Burlington Dialysis and North Burlington Dialysis for CY2016. These are the facilities that will be contributing four dialysis stations (Burlington Dialysis) and six dialysis stations (North Burlington Dialysis) to develop the proposed facility and from which at least some patients will transfer (See Exhibit C-1 for patients' letters of support). The historical payor mix is illustrated as follows:

**Burlington Dialysis
 Payor Mix CY2016**

Payor Type	Percent of Total Patients	Percent of In-Center Patients	Percent of PD Patients
Medicare	29.2%	29.2%	7.1%
Medicaid	2.1%	2.1%	0.0%
Commercial Insurance	14.6%	14.6%	21.4%
Medicare/Commercial	25.0%	25.0%	50.0%
Medicare/Medicaid	16.6%	16.6%	21.4%
VA	12.5%	12.5%	0.0%
Total	100.0%	100.0%	100.0%

**North Burlington Dialysis
 Payor Mix CY2016**

Payor Type	Percent of Total Patients	Percent of In-Center Patients	Percent of PD Patients
Medicare	31.5%	31.5%	8.3%
Medicaid	5.5%	5.5%	0.0%
Commercial Insurance	8.2%	8.2%	8.3%
Medicare/Commercial	15.1%	15.1%	66.7%
Medicare/Medicaid	32.9%	32.9%	16.7%
VA	6.8%	6.8%	0.0%
Total	100.0%	100.0%	100.0%

As the tables above indicate, 72.9% of Burlington Dialysis' patients and 85.0% of North Burlington Dialysis' patients are covered by Medicare or Medicaid. The applicant provides a copy of DaVita's policy on acceptance of patients without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability in Exhibit L-3.

The United States Census Bureau provides demographic data for North Carolina and all counties in North Carolina. The following table contains relevant demographic statistics for the applicant's service area.

Percent of Population						
County	% 65+	% Female	% Racial & Ethnic Minority*	% Persons in Poverty**	% < Age 65 with a Disability	% < Age 65 without Health Insurance**
Alamance	16%	52%	34%	18%	10%	20%
Statewide	15%	51%	36%	17%	10%	15%

Source: <http://www.census.gov/quickfacts/table>, 2014 Estimate as of December 22, 2015.

*Excludes "White alone" who are "not Hispanic or Latino"

**"This geographic level of poverty and health estimates are not comparable to other geographic levels of these estimates. Some estimates presented here come from sample data, and thus have sampling errors that may render some apparent differences between geographies statistically indistinguishable...The vintage year (e.g., V2015) refers to the final year of the series (2010 thru 2015). Different vintage years of estimates are not comparable."

The *Southeastern Kidney Council Network 6 Inc. 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: <http://www.esrdnetwork6.org/utills/pdf/annual-report/2014%20Network%206%20Annual%20Report.pdf>

In 2014, over 85% of dialysis patients in North Carolina were 45 years of age and older and over 63% were non-Caucasian. (*Southeastern Kidney Council Network 6 Inc. 2014 Annual Report*, page 59).

The applicant demonstrates that it currently provides adequate access to medically underserved populations. 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 applicants;

C

In Section L.3(e) page 52, the applicant states:

“Mebane Dialysis has no obligation under any applicable federal regulation to provide uncompensated care, community service or access by minorities and handicapped persons except those obligations which are placed upon all medical facilities under Section 504 of the Rehabilitation Act of 1973 and its subsequent amendment in 1993. The facility has no obligation under the Hill Burton Act.”

In Section L.6, page 52, the applicant states, in reference to any facilities owned by DaVita in the state, that there have been no civil rights equal access complaints filed within 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

In Section L.1, page 50, the applicant states that the projected payor mix for Mebane Dialysis is based on sources of payment for its DaVita facilities in Alamance County for the last full operating year, as follows:

**Mebane Dialysis
Projected Payor Mix OY2**

Payor Source	Percent of Total Patients
Medicare	30.2%
Medicaid	3.6%
Commercial Insurance	11.8%
Medicare/Commercial	20.7%
Medicare/Medicaid	23.6%
VA	10.1%
Total	100.0%

The applicant projects that 78.1% of Mebane Dialysis' patients will be covered by Medicare or Medicaid.

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.4, page 52, the applicant states that patients will have access to the facility for dialysis services upon referral from a Nephrologist with admitting privileges at the facility. Patients, family, and friends who contact the facility seeking access to services will be referred to *“a qualified nephrologist for evaluation and subsequent admission...”*

The applicant adequately demonstrates that it will offer a range of means by which patients will have access to the proposed services. Therefore, the application is conforming to this criterion.

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

C

In Section M.1, page 54, the applicant states that it has offered Mebane Dialysis as a clinical training site for nursing students from Alamance Community College. A copy of a letter sent by the applicant to the college, dated January 9, 2017, is included in Exhibit M-2.

The information provided in Section M.1 and Exhibit M-2 is reasonable and adequately 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

RTC-Mid Atlantic proposes to develop a new 10-station dialysis facility in Mebane by relocating by relocating four dialysis stations from Burlington Dialysis and six dialysis stations from North Burlington Dialysis. The two existing facilities and the proposed facility will be located in Alamance County. The applicant does not propose to add dialysis stations to an existing facility or to establish new dialysis stations. Upon completion of this project, Mebane Dialysis will be certified for 10 dialysis stations, Burlington Dialysis will be certified for 12 dialysis stations following completion of this project and Project I.D. # G-11212-16 (relocate eight stations) ($24-8-4= 12$) and North Burlington Dialysis will be certified for 14 dialysis stations following completion of this Project I.D. # G-11089-15 (add six stations) and Project I.D. # G-11212-16 (relocate two stations) ($16 +6-2-6 = 14$).

On page 373, the 2017 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 counties is a separate dialysis station planning area. Thus, the service area for this facility consists of Alamance County. Facilities may also serve residents of counties not included in their service area.

The January 2017 SDR indicates there are six dialysis facilities in Alamance County with one of those facilities still under development, as follows:

**Alamance County Dialysis Facilities
 June 30, 2016**

Dialysis Facilities	Owner	# of Patients	Location	# of Certified Stations	# of Approved Stations	Percent Utilization
Alamance Dialysis	DaVita	0	Graham	10	0	0.0%
BMA Burlington	Fresenius	93	Burlington	45	0	51.67%
Burlington Dialysis	DaVita	95	Burlington	24	-8	98.96%
Carolina Dialysis-Mebane	Fresenius	56	Mebane	20	0	70.00%
Elon Dialysis	DaVita	Under development – New 10 stations facility				
North Burlington Dialysis	DaVita	73	Burlington	16	4	114.06%

Source: January 2017 SDR

As illustrated above, there are five existing dialysis facilities located in Alamance County and one facility under development. Of those six facilities, four facilities are operated by DaVita and two facilities are operated by Fresenius. The proposed site for Mebane Dialysis is in the eastern part of Alamance County. Two of the facilities operated with a utilization rate over 80.0%, one with a utilization over 70.0%, and one facility operated with a utilization of over 51.0%. One facility operated by DaVita had no utilization to report and another DaVita facility is still under development. Thus, all of the operational dialysis facilities in the county are reasonably well utilized.

In Section N.1, page 55, the applicant discusses how any enhanced competition in the service area will promote cost-effectiveness, quality and access to the proposed services. The applicant states:

“The proposed facility will not have an adverse effect on competition since the patients already being served by DaVita will be transferring their care from one DaVita facility to another DaVita facility, which will be more convenient for the patients who have indicated this in the letters they signed. There is no other dialysis facilities in the proposed service area; therefore, there can be no effect on the competition.

... Mebane Dialysis will enhance accessibility to dialysis for our patients, and by reducing the economic and physical burdens on our patients, this project will enhance the quality and cost effectiveness of our services because it will make it easier for patients, family members and other [sic] involved in the dialysis process to receive services.”

See also Sections B, C, D, E, F, G, I, K, L, N and O where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in the sections referred to above is reasonable and adequately demonstrates that any enhanced competition in the service area includes a

positive impact on 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 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 applicant adequately demonstrates that it will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3), (3a) 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 B, pages 8-9, the applicant discusses the methods it uses to insure and maintain quality. In Exhibit O-3, the applicant provides a listing of four dialysis facilities that were not in compliance with Medicare conditions of participation during the 18 months prior to submission of the application. However, each facility is back in compliance as of the date of this decision. Based on a review of the certificate of need application and publicly available data, 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.

C

The Criteria and Standards for End Stage Renal Disease Services promulgated in 10A NCAC 14C .2200 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

10 NCAC 14C .2203 PERFORMANCE STANDARDS

.2203(a) An applicant proposing to establish a new End Stage Renal Disease facility shall document the need for at least 10 stations based on utilization of 3.2 patients per station per week as of the end of the first operating year of the facility, with the exception that the performance standard shall be waived for a need in the State Medical Facilities Plan that is based on an adjusted need determination.

-C- In Section C.1, pages 14-15, the applicant adequately demonstrates that Mebane Dialysis will serve at least 34 in-center patients on 10 stations at the end of the first operating year, which is 3.4 patients per station per week, or a utilization rate of 85.0% ($34/10 = 3.4$; $3.5/4 = 0.85$). The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference.

.2203(b) An applicant proposing to increase the number of dialysis stations in an existing End Stage Renal Disease facility or one that was not operational prior to the beginning of the review period but which had been issued a certificate of need shall document the need for the additional stations based on utilization of 3.2 patients per station per week as of the end of the first operating year of the additional stations.

-NA- The applicant is seeking to develop a new 10-station dialysis facility.

.2203(c) An applicant shall provide all assumptions, including the methodology by which patient utilization is projected.

-C- In Section C.1, pages 14-16, the applicant provides the assumptions and methodology used to project utilization of the facility. The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference.