

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 27, 2023

Findings Date: February 3, 2023

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

COMPETITIVE REVIEW

Project ID #: J-12248-22
Facility: KM Surgery Center
FID #: 220571
County: Wake
Applicant: KM Surgery Center LLC
Project: Develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion

Project ID #: J-12252-22
Facility: Oakview ASC, LLC
FID #: 220579
County: Wake
Applicant: Oakview ASC, LLC
Project: Develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room

Project ID #: J-12253-22
Facility: Triangle Vascular Care
FID #: 220580
County: Wake
Applicants: American Access Care of NC ASC, LLC
AAC Management Services, LLC
Project: Develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures

Project ID #: J-12258-22
Facility: UNC REX Hospital
FID #: 953429
County: Wake
Applicant: Rex Hospital, Inc.

2022 Wake County Acute Care Bed and OR Review

Project ID #'s: J-12248-22, J-12252-22, J-12253-22, J-12258-22, J-12259-22, J-12260-22, J-12261-22, J-12263-22, J-12264-22

Page 2

Project: Add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion

Project ID #: J-12259-22
Facility: UNC REX Holly Springs Hospital
FID #: 070823
County: Wake
Applicant: Rex Hospital, Inc.
Project: Add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 59 acute care beds upon project completion

Project ID #: J-12260-22
Facility: UNC REX Hospital
FID #: 953429
County: Wake
Applicant: Rex Hospital, Inc.
Project: Develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs)

Project ID #: J-12261-22
Facility: Duke Health Green Level Ambulatory Surgical Center
FID #: 180422
County: Wake
Applicant: Duke University Health System, Inc.
Project: Develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID# J-11557-18 (develop a new ASF with one ORs and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID #J-11557-18.

Project ID #: J-12263-22
Facility: Duke Raleigh Hospital
FID #: 923421
County: Wake
Applicant: Duke University Health System, Inc.
Project: Develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital)

Project ID #: J-12264-22
Facility: WakeMed Garner Hospital
FID #: 220581
County: Wake
Applicant: WakeMed
Project: Develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

REVIEW CRITERIA

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

All Applications

Need Determination

Acute Care Beds (AC Beds) - Chapter 5 of the 2022 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2022 SMFP identified a need for 45 additional acute care beds in the Wake County service area. Four applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 99 new acute care beds in Wake County. However,

pursuant to the need determination, only 45 acute care beds may be approved in this review for the Wake County service area. See the Conclusion following the Comparative Analysis for the Decision.

Only qualified applicants can be approved to develop new acute care beds. On page 37, the 2022 SMFP states:

“A qualified applicant is a person who proposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below... [listed on page 37 of the 2022 SFMP].”*

Operating Rooms (ORs) – In the 2022 SMFP, Table 6C: *Operating Room Need Determination* shows a need determination for two ORs in the Wake County service area. On page 83 of the 2022 SMFP it states, *“In response to a petition, the State Health Coordinating Council approved an adjusted need determination for two operating rooms in the Wake County service area.”* Six applications were submitted to the CON Section, proposing to develop a total of nine ORs. However, pursuant to the need determination, only two ORs may be approved in this review for the Wake County OR service area. See the Conclusion following the Comparative Analysis for the decision.

Policies – There are two policies in the 2022 SMFP which are applicable to this review.

Policy GEN-3: Basic Principles, on page 30 of the 2022 SMFP, states:

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

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on pages 30-31 of the 2022 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 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, Certificate of Need 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 is required to submit a plan for 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."

Policy GEN-3 applies to all nine applications.

Policy GEN-4 applies to six of the applications: Project ID #'s **J-12248-22, J-12252-22, J-12253-22, J-12258-22, J-12259-22 and J-12264-22** but does not apply to three of the applications: Project ID #'s **J-12260-22, J-12261-22 and J-12263-22**.

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

KM Surgery Center, LLC (hereinafter referred to as "KM Surgery Center", "KM Surgery" or "the applicant") proposes to develop a multi-specialty Ambulatory Surgical Facility (ASF) [KM Surgery Center] with one OR and two procedure rooms pursuant to the need determination in the 2022 SMFP for two ORs in Wake County. KM Surgery center is to be located in existing space at 7910 Skyland Ridge Parkway, Raleigh.

Need Determination. The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

Policy GEN-3. In Section B, pages 27-28, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 29-30, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

Oakview ASC, LLC (hereinafter referred to as "Oakview ASC", "Oakview" or "the applicant") proposes to develop a single-specialty ophthalmic ASF [Oakview ASC, LLC] with one OR and one procedure room pursuant to the need determination in the 2022 SMFP for two ORs in Wake County. Oakview ASC, LLC will be located in on the third floor of a medical office building (MOB) at 3700 Barrett Drive, Raleigh.

Need Determination. The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

Policy GEN-3. In Section B, pages 28-35, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 35-36, the applicant describes the project's plan to improve energy efficiency

and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

American Access Care of the NC ASC, LLC and AAC Management Services, LLC, (hereinafter collectively referred to as "Triangle Vascular Care", "Triangle Vascular" or "the applicant") proposes to develop a new ASF [Triangle Vascular Care] with one OR and two procedure rooms pursuant to the need determination in the 2022 SMFP for two ORs in Wake County. Triangle Vascular Care will be located the Cary Medical Pavilion building at 101 SW Cary Parkway, Cary.

Need Determination. The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

Policy GEN-3. In Section B, pages 26-27, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 27-28, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

Rex Hospital, Inc. (hereinafter referred to as "Rex Inc." or "the applicant") proposes to add no more than 36 acute care beds at UNC REX Hospital (hereinafter also referred to as REX Hospital or REX Hospital-AC Beds) pursuant to the need determination in the 2022 SMFP for 45 AC beds in Wake County. UNC REX Hospital is located at 4420 Lake Boone Trail, Raleigh. UNC REX Hospital and UNC REX Holly Springs Hospital operate under the same license. Currently UNC REX Hospital has 439 licensed AC beds and UNC REX Holly Springs Hospital has 50 licensed AC beds.

Upon project completion REX Hospital would have no more than 475 AC beds at REX Hospital. REX Hospital and UNC REX Holly Springs Hospital have submitted concurrent applications for 35 AC beds at UNC REX Hospital and 9 AC beds at UNC REX Holly Springs Hospital (Project ID#J-12259-22). If both applications were approved there would 475 AC beds at UNC REX Hospital and 59 AC beds at UNC REX Holly Springs Hospital for a total of 534 AC beds under the UNC REX Hospital license upon completion of both projects.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-32, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 32, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:

- The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Wake County; and
- The applicant adequately documents how the project will promote equitable access to acute care bed services in Wake County; and
- The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

Rex Hospital, Inc. (hereinafter referred to as “Rex Inc.” or “the applicant”) proposes to add no more than 9 acute care beds and 15 observation beds at UNC REX Holly Springs Hospital (hereinafter also referred to as UNC REX Holly Springs Hospital or UNC-Holly Springs) pursuant to the need determination in the 2022 SMFP for 45 AC beds in Wake County. UNC REX Holly Springs Hospital is located at 850 South Main Street, Holly Springs. UNC REX Holly Springs Hospital operates under the UNC REX Hospital license. Currently UNC REX Hospital has 439 licensed AC beds and UNC REX Holly Springs Hospital has 50 licensed AC beds.

Upon project completion UNC REX Holly Springs Hospital would have no more than 59 AC beds. UNC REX Hospital and UNC REX Holly Springs Hospital have submitted concurrent applications for 35 AC beds at UNC REX Hospital and 9 AC beds at UNC REX Holly Springs Hospital. If both applications were approved there would 475 AC beds at UNC REX Hospital and 59 AC beds at UNC REX Holly Springs Hospital for a total of 534 AC beds under the UNC REX Hospital license upon completion of both projects.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-32, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 32, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

Rex Hospital, Inc. (hereinafter referred to as “Rex Inc.” or “the applicant”) proposes to develop no more than two additional ORs at UNC REX Hospital pursuant to the need determination in the 2022 SMFP for two ORs in Wake County. UNC REX Hospital is located at 4420 Lake Boone Trail, Raleigh. UNC REX Hospital and UNC REX Holly Springs Hospital operate under the same license. Upon project completion there would be a total of 30 ORs (excluding C-Section, Trauma and Burn ORs) under the UNC REX Hospital license [27 at UNC REX Hospital and 3 at UNC REX Holly Springs Hospital].

Need Determination. The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

Policy GEN-3. In Section B, pages 27-32, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is less than \$4 million. Therefore, Policy GEN-4 is not applicable to this application.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

Duke University Health System, Inc. (hereinafter referred to as “DUHS” or “the applicant”) proposes to develop a no more than two additional ORs at Duke Green Level Ambulatory Surgical Center (Duke Green Level ASC) pursuant to the need determination in the 2022 SMFP for two ORs in Wake County, which is a change in scope to CON Project #J-11557-18 (develop a new ASF with one OR and five procedure rooms), for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID# J-11557-18. Duke Green Level ASC is still under development and will be located at 3208 Green Level W Road, Cary.

Need Determination. The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

Policy GEN-3. In Section B, page 29, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is less than \$4 million. Therefore, Policy GEN-4 is not applicable to this application.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

Duke University Health System, Inc. (hereinafter referred to as “DUHS” or “the applicant”) proposes to add no more than 45 additional acute care beds at Duke Raleigh Hospital (DRAH) pursuant to the need determination in the 2022 SMFP for 45 AC beds in Wake County. Duke Raleigh Hospital is currently licensed for 186 AC beds. Upon completion of this project and Project ID#J-12029-21 (develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital) Duke Raleigh Hospital will have a total of no more than 191 AC beds. Duke Raleigh Hospital is located at 3400 Wake Forest Road, Raleigh.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area. In Section B, page 22, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, page 25, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is less than \$4 million. Therefore, Policy GEN-4 is not applicable to this application.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop a new 31 bed hospital [WakeMed Garner Hospital] by relocating no more than 22 acute care beds from WakeMed Raleigh Campus and developing no more than 9 new acute care beds and no more than two new ORs pursuant to the need determinations in the 2022 SMFP for 45 AC beds and two ORs in Wake County. Upon project completion WakeMed Garner Hospital (WakeMed Garner) would have 31 AC beds, 2 ORs, 14 observation beds, a GI Endo room and a full-service emergency room with 25 treatment bays and one resuscitation room as well as imaging services including fixed CT, X-ray, ultrasound and a pad for a mobile MRI scanner.

WakeMed Garner Hospital would operate under the hospital license of WakeMed which license currently includes both the WakeMed Raleigh Campus and WakeMed North Hospital. WakeMed Garner Hospital would be located at the intersection of White Oak Road and Timber Drive (Parcel #1720271132) in Garner.

Need Determination. The applicant does not propose to develop more acute care beds or ORs than are determined to be needed in the Wake County service area. In Section B, page 24, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.

Policy GEN-3. In Section B, pages 27-35, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 35-37, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more acute care beds and ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2022 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of both acute care bed services and OR services in Wake County; and
 - The applicant adequately documents how the project will promote equitable access to both acute care beds services and OR services in Wake County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.
- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

KM Surgery Center proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

KM Surgery Center proposes to develop a multi-specialty ASF in Raleigh with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion. The surgical specialties that will be offered at the facility are general surgery, ophthalmology, otolaryngology, plastic surgery and urology.

Patient Origin

On page 49, the 2022 SMFP states, "*An OR's service area is the single or multicounty grouping shown in Figure 6.1.*" In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The proposed facility is in Wake County. Thus, the operating room service area for this application is Wake County. Facilities may also serve residents of counties not included in the service area.

KM Surgery Center is not an existing facility. The following tables illustrate projected patient origin for the OR and the entire facility.

KM Surgery Center: Operating Room- Projected Patient Origin						
County	1st FFY (10/1/24 – 9/30/25)		2nd FFY (10/1/25 – 9/30/26)		3rd FFY (10/1/26 – 9/30/27)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	618	75.0%	746	75.0%	873	75.0%
Johnson	82	10.0%	99	10.0%	116	10.0%
Durham	49	6.0%	60	6.0%	70	6.0%
Franklin	25	3.0%	30	3.0%	35	3.0%
Other	49	6.0%	60	6.0%	70	6.0%
Total	825	100.0%	994	100.0%	1,164	100.0%

Source: Section C, page 40.

KM Surgery Center: Entire Facility- Projected Patient Origin						
County	1st FFY (10/1/24 – 9/30/25)		2nd FFY (10/1/25 – 9/30/26)		3rd FFY (10/1/26 – 9/30/27)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	2,238	75.0%	2,650	75.0%	3,062	75.0%
Johnson	298	10.0%	353	10.0%	408	10.0%
Durham	179	6.0%	212	6.0%	245	6.0%
Franklin	90	3.0%	106	3.0%	122	3.0%
Other	179	6.0%	212	6.0%	245	6.0%
Total	2,983	100.0%	3,533	100.0%	4,083	100.0%

Source: Section C, page 41.

In Section C, page 40, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical patient origin of the surgeons who will be performing surgical services at the proposed facility.

Analysis of Need

In Section C, pages 43-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- OR Need Determination in the 2022 SMFP for the Wake County service area (page 43).
- Physician Requirements and Support (pages 43-44).
- Population growth trends in the service area (Wake County) (page 45).
- Population growth trends in the extended service area (pages 46-47).
- Life Expectancy in the Wake County Service Area (pages 47-48).
- Growth in the ambulatory surgical facility industry (pages 48-51).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available

during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop one of the two ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed ASF.
- The applicant uses clearly cited and reasonable demographic data to identify the population to be served, its projected growth, and the need the identified population has for the proposed services.
- The applicant provides letters from physicians/practices who have expressed support for the proposed project. See Exhibit C.4 (Tab 3)

Projected Utilization

KM Surgery Center

KM Surgery Center is a proposed new ASF. In Section Q, Form C.3b, the applicant provides projected utilization at KM Surgery Center, as illustrated in the following table.

KM Surgery Center: Projected OR Cases

Surgical Cases	Year 1 FFY 2025	Year 2 FFY 2026	Year 3 FFY 2027
# of ORs	1	1	1
IP Cases	0	0	0
OP Cases	825	994	1,164
Total Surgical Cases	825	994	1,164

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step #1: 1st FFY is 10/1/2024 to 9/30/2025.

Step #2: Provided Physician Letters of Support identifying each physician’s surgical specialty, available cases to be performed at the proposed KM Surgery Center and the percentage of cases that can safely be performed in a procedure room.

Step #3: The applicant provided a table summarizing the physician letters of support categorized as “Available ASF Cases for both the OR and the procedure room.

Step 4: The applicant held the “available” # of cases constant for the first three project years.

Step 5: The applicant projected urology cases would equate to 70% of the OR cases and 80% of the procedure room cases through the first three project years since the proposed multi-specialty ASF is stated to have a special focus on urology.

Step 6: Surgical and Procedural Cases “Ramp Up”: The applicant factored in a ramp up for OR cases of 40%, 45%, and 50.0% for urology surgical cases and 20%; 30%; 40% for non-urology surgical cases respectively for the first three project years.

Step 7: The applicant states that all supporting physicians willing to provide surgical cases at KM Surgery Center will have a portion of their cases provided at KM Surgery Center.

In Section Q, the applicant calculated OR need for KM Surgery Center as shown in the table below.

KM Surgery Center: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2025	Year 2 FFY2026	Year 3 FFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	825	994	1,164
E	Outpatient Surgical Case Times (in Minutes)	70.2	70.2	70.2
F	Outpatient Surgical Hours	965	1,163	1,361
G	Total Surgical Cases (Row A + Row D)	825	994	1,164
H	Total Surgical Hours (Row C + Row F)	965	1,163	1,361
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	0.7	0.9	1.04
L	Existing and Approved ORs**	0	0	0
M	OR Surplus/ (Deficit)*	(1)	(1)	(1)
N	ORs Applied for in this Application	1	1	1

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs KM Surgery Center is currently approved for.

As shown in the table above, the applicant’s projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area. The applicant is proposing to develop one of the two ORs in a new ASF.
- The applicant provides letters from physicians/practices who have expressed support for the proposed project and provided projected cases for the proposed new ASF. See Exhibit C.4 (Tab 3)
- The applicant projects no growth in the projected cases from the physician letters for the first three project years and, in addition, projects a ramp during the first three project years for surgical cases of 40%, 45% and 50% respectively for urology cases and 20%, 30% and 40% respectively for all other types of surgical cases.
- The applicant also relies on projected cases from the physician letters and a similar, conservative methodology for projecting procedure cases.
- The applicant’s projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Access to Medically Underserved Groups

In Section C.6, page 57, the applicant states,

“KM Surgery Center will be equally accessible to all persons, including those with low-income, racial and ethnic minority groups, women, people with disabilities, the elderly, and Medicare beneficiaries, and Medicaid recipients.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	5.0%
Racial and ethnic minorities	25.0%
Women	52.0%
Persons with Disabilities	8.0%
The elderly	50.0%
Medicare beneficiaries	29.5%
Medicaid recipients	1.9%

Source: Table on page 57 of the application.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

Oakview ASC proposes to develop a single-specialty ophthalmic ASF in Raleigh with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

Patient Origin

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The proposed facility is in Wake County. Thus, the operating room service area for this application is Wake County. Facilities may also serve residents of counties not included in the service area.

Oakview ASC, LLC is not an existing facility. The following table illustrates projected patient origin for the entire facility.

Oakview ASC, LLC: Entire Facility- Projected Patient Origin						
County	1st FFY (CY 2025)		2nd FFY (CY 2026)		3rd FFY (CY 2027)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	3,138	69.4%	3,297	69.4%	3,465	69.4%
Franklin	333	7.4%	350	7.4%	367	7.4%
Vance	267	5.9%	280	5.9%	295	5.9%
Johnson	190	4.2%	200	4.2%	210	4.2%
Harnett	135	3.0%	142	3.0%	149	3.0%
Durham	98	2.2%	103	2.2%	108	2.2%
Warren	92	2.0%	97	2.0%	102	2.0%
Other NC Counties*	239	5.4%	260	5.4%	272	5.4%
Other States	23	0.6%	25	0.6%	26	0.6%
Total	4,519	100.0%	4,748	100.0%	4,990	100.0%

Source: Section C, page 43.

Note: Numbers and percentages may not foot due to rounding.

*Other NC Counties are listed in the footnote on page 42 of the application.

In Section C, pages 41-43, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical patient origin of the of the patients who receive care at the facilities from which the primary surgeon expected to perform surgeries at Oakview ASC, Dr. Kelly, is expected to shift surgical patients from.

Analysis of Need

In Section C, pages 43-76, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Population growth, particularly among residents 65 and older (pages 46-47).
- Rapid growth in ophthalmic surgery volumes at ASCs ((pages 47-49).
- National Institutes of Health projects growing demand for ophthalmic surgery (page 49-53).
- Current lack of access to specialized eye centers (54-57).
- Strong utilization projections based on documented physician support (57-62).
- Enhanced patient choice from entry of anew market provider (pages 64-67).
- Access challenges for area physicians and patients (pages 61-62 and 68-70).
- Quality advantages of a single-specialty ophthalmic surgery ASC (pages 62-64).
- Operational efficiencies of a single-specialty ASC (pages 70-71).
- Cost savings for patients, insurers, and employers (pages 71-73).
- Improved geographic access for service area residents (pages 73-76).
- Need to attract new ophthalmologists to Wake County (page 76).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available

during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop one of the two ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed ASF.
- The applicant uses clearly cited and reasonable demographic data to identify the population to be served, its projected growth, and the need the identified population has for the proposed services.
- The applicant provides letters from physicians/practices who have expressed support for the proposed project. See Exhibits C.4.1, C.5.1 and C.5.2.
- The applicant cited reasonable data regarding improved geographic access for patients, quality advantages operational efficiencies and cost savings of the proposed project.

Projected Utilization

Oakview ASC

KM Surgery Center is a proposed new ASF. In Section Q, Form C.3b, page 146, the applicant provides projected utilization at Oakview ASC, as illustrated in the following table.

Oakview ASC: Projected OR Cases

Surgical Cases	Year 1 CY 2025	Year 2 CY 2026	Year 3 CY 2027
# of ORs	1	1	1
IP Cases	0	0	0
OP Cases	2,260	2,374	2,495
Total Surgical Cases	2,260	2,374	2,495

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

1st Project Year is Calendar Year CY 2025.

The OR and procedure room will both be built to OR standards, ophthalmic surgeries will be performed in both.

The proposed Oakview ASC will be open staff. However, due to the difficulty of projecting the number of cases that ophthalmologists in the service area will bring to the proposed ASC the proposed utilization projection only assumes cases from: Dr. Michael Kelly, Dr. Gupta, Dr. Dahringer, the Raleigh Eye Center Physicians and one additional surgeon.

The applicant assumed the CY2021 volume upon which most to the projected surgical cases are based will remain flat until the first full project year (2025).

Step #1: Estimate the Number of Surgeries Dr. Kelly will perform at Oakview ASC.

Step #2: Determine Additional Volume for Other Existing Area Physicians Who will perform Surgeries at Oakview ASC

Step #3: Estimate Utilization from a New Ophthalmologist Recruited to Raleigh

Step #4: Distribute Ophthalmic Surgery Patients between Operating Rooms and Procedure Rooms.

In Section Q, Form C.3b, page 146, the applicant calculated OR need for Oakview ASC as shown in the table below.

Oakview ASC: Projected OR Utilization

Row	Operating Rooms	Year 1 CY2025	Year 2 CY2026	Year 3 CY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	2,260	2,374	2,495
E	Outpatient Surgical Case Times (in Minutes) [.67 hours]	40.2	40.2	40.2
F	Outpatient Surgical Hours	1,514.2	1,590.6	1,671.7
G	Total Surgical Cases (Row A + Row D)	2,260	2,374	2,495
H	Total Surgical Hours (Row C + Row F)	1,514.2	1,590.6	1,671.7
I	Group Assignment	5	5	5
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.15	1.21	1.27
L	Existing and Approved ORs**	0	0	0
M	OR Surplus/ (Deficit)*	(1)	(1)	(1)
N	ORs Applied for in this Application	1	1	1

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Oakview ASC is currently approved for.

As shown in the table above, the applicant's projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly

available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area. The applicant is proposing to develop one of the two ORs in a new ASF.
- The applicant provides letters from physicians/practices who have expressed support for the proposed project and provided projected cases for the proposed new ASF. See Exhibits C.4.1, C.5.1 and C.5.2.
- The applicant also relies on projected cases from the physician letters and a similar, conservative methodology for projecting procedure cases including only assuming 75% of the case volume cited in the physician letters will initially be performed at the proposed ASF.
- The applicant also projected half of the surgical cases would be performed in the OR and half would be performed in the procedure room.
- The applicant’s projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Access to Medically Underserved Groups

In C.6, page 81, the applicant states,

“Oakview ASC will not deny healthcare to any patient solely based on age, race, physical ability, or sex. Ophthalmic surgery services will be available to (a) low-income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) elderly, (f) Medicare beneficiaries, and (g) Medicaid recipients.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	%
Racial and ethnic minorities	%
Women	61.9%
Persons with Disabilities	%
The elderly	78.4%
Medicare beneficiaries	72.3%
Medicaid recipients	0.5%

Source: Table on page 83 of the application.

*Patient origin is based Dr. Kelly’s surgical patients in CY2021. Dr. Kelly’s practice does not track income level, race or disability status.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

Triangle Vascular Care proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

Patient Origin

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The proposed facility is in Wake County. Thus, the operating room service area for this application is Wake County. Facilities may also serve residents of counties not included in the service area.

Triangular Vascular Care is not an existing facility. The following tables illustrate projected patient origin for the OR and the entire facility.

Triangle Vascular Care: Operating Room- Projected Patient Origin						
County	1st FFY (CY 2024)		2nd FFY (CY 2025)		3rd FFY (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Cumberland	147	22.85%	157	22.85%	166	22.85%
Wake	109	16.97%	117	16.97%	124	16.97%
Wilson	61	9.40%	65	9.40%	68	9.40%
Wayne	45	6.92%	48	6.92%	50	6.92%
Nash	35	5.48%	38	5.48%	40	5.48%
Vance	33	5.09%	35	5.09%	37	5.09%
Durham	30	4.70%	32	4.70%	34	4.70%
Johnston	26	4.05%	28	4.05%	29	4.05%
Sampson	20	3.13%	22	3.13%	23	3.13%
Harnett	13	1.96%	13	1.96%	14	1.96%
Other NC Counties & States*	101	15.67%	108	15.67%	114	15.67%
Total	645	100.00%	687	100.00%	729	100.00%

Source: Section C, page 37.

*Includes all other NC counties and other states, each of which represents less than 2.0% of patient total.

Triangle Vascular Care: Entire Facility- Projected Patient Origin						
County	1st FFY (CY 2024)		2nd FFY (CY 2025)		3rd FFY (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	609	23.56%	655	23.56%	701	23.56%
Cumberland	583	22.54%	626	22.54%	671	22.54%
Wilson	252	9.75%	271	9.75%	290	9.75%
Nash	142	5.49%	152	5.49%	163	5.49%
Wayne	142	5.49%	152	5.49%	163	5.49%
Johnston	116	4.49%	125	4.49%	134	4.49%
Edgecombe	113	4.36%	121	4.36%	130	4.36%
Vance	82	3.17%	88	3.17%	94	3.17%
Sampson	78	3.01%	84	3.01%	89	3.01%
Durham	63	2.45%	68	2.45%	73	2.45%
Harnett	62	2.41%	67	2.41%	72	2.41%
Other NC Counties & States*	343	13.28%	369	13.28%	395	13.28%
Total	2,586	100.00%	2,780	100.00%	2,975	100.00%

Source: Section C, page 38.

*Includes all other NC counties and other states, each of which represents less than 2.0% of patient total.

In Section C, page 35, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because they are based on the historical patient origin [CY2021 to CY2022 YTD] at office-based Triangle Vascular Associates, where physicians who will be performing surgical

services at the proposed facility currently provide vascular access treatment to ESRD patients and vascular treatment procedures to other patients.

Analysis of Need

In Section C, pages 39-61, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Projected population growth and aging of Wake County and surrounding service area (pages 40-45).
- Increasing incidence of Chronic Kidney Disease and of End-Stage Renal Disease (pages 45-47).
- Better quality, access and cost-effectiveness of vascular access and vascular treatment care in licensed ASF setting (pages 47-51).
- Improved geographic access to vascular access/treatment ASF within Wake County (pages 51-55).
- Wake County health status (pages 55-57).
- Ambulatory surgery trends and cost-effectiveness of ASFs (pages 57-60).
- COVID-19 impact (pages 60-61).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop one of the two ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant uses a reasonable methodology and reasonable assumptions, including historical data from the Triangle Vascular to demonstrate the need the population projected to be served has for the proposed ASF.
- The applicant uses clearly cited and reasonable demographic data to identify the population growth and the need the identified population has for the proposed services.
- The applicant cited reasonable data regarding improved access for patients, quality advantages, operational efficiencies and cost savings of the proposed project.

Projected Utilization

Triangle Vascular

Triangle Vascular is a proposed new ASF. In Section Q, Form C.3b, page 131, the applicant provides projected surgical case utilization at Triangle Vascular, as illustrated in the following table.

Triangle Vascular ASC: Projected OR Cases

Surgical Cases	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026
# of ORs	1	1	1
IP Cases	0	0	0
OP Cases	645	687	729
Total Surgical Cases	645	687	729

Raleigh Access Center (RAC) is an approved ASF which is a related entity to Triangle Vascular Care. RAC was approved in 2019 and began offering services in June 2021. In Section Q, Form C.3b, pages 129-130, and the applicant provides historic, interim and projected surgical cases utilization at RAC, as illustrated in the following table.

RAC: Projected OR Cases

Surgical Cases	Historical CY2021	Historical CY2022*	Interim CY2023	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026
# of ORs	1	1	1	1	1	1
IP Cases	0	0	0	0	0	0
OP Cases	420	732	841	903	938	973
Total Surgical Cases	420	732	841	903	938	973

*Annualized based on January – June.

In Section Q, pages 132-141, the applicant provides the assumptions and methodology used to project utilization for Triangle Vascular Care and Raleigh Access Center, which is summarized below.

Triangle Vascular Care

Step #1: Historical and Projected Outpatient Procedures at Office-based Triangle Vascular Associates (pages 132-134)

Step #2: Projected Facility Utilization at Triangle Vascular Care (pages 134-137).

Step #3: Projected Operated Room Need for Triangle Vascular Care (pages 137-138).

Step #4: Projected Procedure Room Procedures at Triangle Vascular Care (pages 138-139)

Raleigh Access Center

Step #1: Identify Historical RAC Operating Room Utilization (page 140).

Step #2: Project RAC Utilization (page 140).

Step #3: Project Operated Room Need for RAC (page 141).

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP. Health system is defined in 10ANCAC 14C .2101 and in Chapter 6 Operating Rooms, page 49 of the 2022 SMFP. Pursuant to the definition of health system Triangle Vascular Care is part of the same health system as RAC Surgery Center which, for this review, will be referred to as the Fresenius Health System.

There is one facility (existing) in the Fresenius Health System in Wake County with an existing OR. The Fresenius Health System has a total of 1 OR in the adjusted planning inventory.

Fresenius Health System Facilities with Existing/Approved ORs

	Adjusted Planning Inventory
RAC Surgery Center	1

Source: 2023 SMFP, Table 6B.

As shown in the tables below, the applicant demonstrates the need for the existing and proposed ORs in the health system at the end of the third full fiscal year following project completion.

Triangle Vascular Care: Projected OR Utilization

Row	Operating Rooms	Year 1 CY2024	Year 2 CY2025	Year 3 CY2026
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	645	687	729
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	754	803	851
G	Total Surgical Cases (Row A + Row D)	645	687	729
H	Total Surgical Hours (Row C + Row F)	754	803	851
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	0.57	0.61	0.65
L	Existing and Approved ORs**	0	0	0
M	OR Surplus/ (Deficit) *	(1)	(1)	(1)
N	ORs Applied for in this Application	1	1	1

Source: Section Q, Form C, page 131.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Triangle Vascular Care is currently approved for.

RAC: Projected OR Utilization

Row	Operating Rooms	Year 1 CY2024	Year 2 CY2025	Year 3 CY2026
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	903	938	973
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	1,055	1,095	1,137
G	Total Surgical Cases (Row A + Row D)	903	938	973
H	Total Surgical Hours (Row C + Row F)	1,055	1,095	1,137
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	0.80	0.83	0.87
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	0	0	0
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C, page 131.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs RAC Surgery Center is currently approved for.

Fresenius Health System Projected OR Surplus/(Deficit)

Fresenius Health System Facilities with ORs		Year 1 CY2024	Year 2 CY2025	Year 3 CY2026
Triangle Vascular Care	OR Surplus/ (Deficit)*	(1)	(1)	(1)
RAC Surgery Center	OR Surplus/ (Deficit)*	0	0	0
SUB-TOTAL	OR Surplus/ (Deficit)*	(1)	(1)	(1)
0.50 rounds up. Less rounds down.		(1)	(1)	(1)
Triangle Vascular Care (Current Application)	Proposed Project- 1 New OR	1	1	1
TOTAL after Project Completion	OR Surplus/ (Deficit)*	0	0	0

As shown in the tables above, the applicant demonstrates the need both for all existing approved, and proposed ORs in the Fresenius Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed one OR at Triangle Vascular Care.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area. The applicant is proposing to develop one of the two ORs in a new ASF.

- The applicant projected surgical cases and procedure room cases based on historical data projected forward at a reasonable growth rate.
- The applicant’s projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Access to Medically Underserved Groups

In Section C.6, page 67, the applicant states,

“All Wake County residents (plus residents of other counties), including low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, Medicare and Medicaid beneficiaries, and other underserved groups, will have access to TVC, as clinically appropriate. TVC is committed to providing services to all persons regardless of race, ethnicity, gender, age, religion, creed, disability, national origin, or ability to pay.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	7.40%
Racial and ethnic minorities	67.90%
Women	60.60%
Persons with Disabilities	5.90%
The elderly	40.30%
Medicare beneficiaries	69.44%
Medicaid recipients	4.52%

Source: Table on page 67 of the application.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

UNC REX Hospital proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

Patient Origin

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single and multicounty groupings shown in Figure 5.1.*” Figure 5.1, on page 38, shows Wake County in a single grouping. The facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services and the entire facility at UNC REX Hospital Main Campus.

UNC REX Hospital Main Campus: Acute Care Beds

County	Historical (7/1/2020 to 6/30/2021)		Third Full FY of Operation following Project Completion (7/1/2027 to 6/30/2028)	
	Patients	% of Total	Patients	% of Total
Wake	18,597	66.0%	20,392	66.0%
Johnston	1,852	6.6%	2,031	6.6%
Harnett	1,105	3.9%	1,212	3.9%
Franklin	956	3.4%	1,048	3.4%
Sampson	759	2.7%	832	2.7%
Wayne	710	2.5%	779	2.5%
Wilson	559	2.0%	613	2.0%
Nash	512	1.8%	561	1.8%
Durham	350	1.2%	384	1.2%
Other*	2,758	9.8%	3,024	9.8%
Total	28,158	100.0%	30,876	100.0%

Source: Tables on pages 35 and 38 of the application.

*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

UNC REX Hospital Main Campus: Entire Facility

County	Historical (7/1/2020 to 6/30/2021)		Third Full FY of Operation following Project Completion (7/1/2027 to 6/30/2028)	
	Patients	% of Total	Patients	% of Total
Wake	301,885	72.2%	348,563	72.2%
Johnston	31,157	7.4%	35,975	7.4%
Harnett	12,218	2.9%	14,107	2.9%
Franklin	15,143	3.6%	17,484	3.6%
Sampson	5,036	1.2%	5,815	1.2%
Wayne	5,176	1.2%	5,976	1.2%
Wilson	4,649	1.1%	5,368	1.1%
Nash	6,168	1.5%	7,122	1.5%
Durham	6,562	1.6%	7,577	1.6%
Other*	30,295	7.2%	34,979	7.2%
Total	418,289	100.0%	482,965	100.0%

Source: Tables on pages 35 and 38 of the application.

*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

In Section C, page 37, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [SFY 2021] patient origin for acute care bed services at UNC REX Hospital and the proposed project is not expected to result in any change in patient origin.

Analysis of Need

In Section C, pages 40-54, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The dynamic population growth in the region served by Wake County providers, including the growth in the population over age 65 (pages 42-45).
- The need for additional capacity in Central and Southern Wake County (pages 45-50).
- The need for additional capacity at UNC REX Hospital (pages 50-54).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for 45 acute care beds in the Wake County acute care service area in the 2022 SMFP. The applicant is applying to develop 36 acute care beds at UNC REX Hospital in Wake County in accordance with the need

determination in the 2022 SMFP. [Note- the applicant filed a concurrent application to develop 9 acute care beds at UNC REX Holly Springs Hospital, Wake County].

- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.
- The applicant demonstrates the need for the proposed additional 36 acute care bed capacity at UNC REX Hospital.

Projected Utilization

In Section Q, Form C.3b, the applicant provides projected utilization at UNC REX Hospital, as illustrated in the following table.

In Section Q Forms C.1a and C.1b, the applicant provides historical, interim and projected utilization for its acute care beds, as illustrated in the following tables.

UNC REX Hospital: Historical and Interim Acute Care Bed Utilization

	Last Full FY2022	Interim FY2023	Interim FY2024	Interim FY2025
Total # of Beds	439	439	439	439
# of Discharges	29,609	27,518	28,169	28,830
# of Patient Days	136,475	126,434	129,425	132,464
Average Length of Stay	4.6	4.6	4.6	4.6
Occupancy Rate	85.2%	78.9%	80.8%	82.7%

Note: FY is 7/1/___ to 6/30/___.

UNC REX Hospital: Projected Acute Care Bed Utilization

	1 st FY2026	2 nd FY2027	3 rd FY2028
Total # of Beds	475	475	475
# of Discharges	29,502	30,184	30,876
# of Patient Days	135,551	138,685	141,863
Average Length of Stay	4.6	4.6	4.6
Occupancy Rate	78.2%	80.0%	81.8%

Note: FY is 7/1/___ to 6/30/___.

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

UNC REX Hospital

UNC REX operates on the State Fiscal Year (SFY) which is July 1st thru June 30th.

The first three project years are SFY2026, SFY2027 and SFY2028.

There are two hospitals on the UNC REX hospital license: UNC REX Hospital (439 beds) and UNC REX Holly Springs Hospital (50 beds).

UNC REX Holly Springs Hospital started offering service in November 2021.

In this review cycle UNC REX Hospital and UNC REX Holly Springs Hospital put in complimentary applications for 36 AC beds and 9 AC beds respectively.

Step #1: UNC REX Hospital: Historical Days of Care: The applicant provided the historical patient days of care for UNC REX Hospital for SFY2019 to SFY2022. The CAGR for this period was 6.8%.

Step #2: COVID Adjustment: To account for the impact of COVID the applicant adjusted the patient days of care downward by 3.7% for SFY2020 to SFY2022. After the patient days of care were adjusted downward the CAGR was 5.5%.

Step #3: Projected Days of Care for UNC REX. The applicant projected patient days of care for SFY2022 through SFY2028 (the 3rd Project Year) by growing historical utilization at 2.74% which was half of the CAGR from Step 2.

UNC REX Holly Springs Hospital

Step #4: The applicant identified the number of acute care days served by UNC REX Hospital for the years SFY2019 – SFY2022 that would have been appropriate for UNC REX Holly Springs Hospital. The CAGR for this period of time was 8.4%.

Step #5: COVID Adjustment: The applicant then adjusted downward the days of care identified in Step #4 by 3.7% for the years SFY2020 to SFY2022 to account for the impact of COVID. After the patient days of care were adjusted downward the CAGR was 7.0%.

Step #6: UNC REX Holly Springs Hospital: Project the appropriate days of care by growing historic utilization at 7.0% which was the CAGR from Step #5.

Step #7: The applicant only projects 80% of the projected patient days from Step #6 will be served (or shift from UNC REX Hospital) by UNC REX Holly Springs Hospital.

Step #8: The applicant calculates projected utilization (occupancy) for UNC REX Holly Springs Hospital and UNC REX Hospital as shown in the following tables.

UNC REX Holly Springs Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	11,100	11,881	12,718	13,614	14,572	15,599
# of Beds	50	50	50	59	59	59
ADC	30.41	32.55	34.84	37.30	39.92	42.77
Utilization	60.8%	65.1%	69.7%	63.2%	67.7%	72.4%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

Projected Utilization: UNC REX Hospital (Form C, page 8)

UNC REX Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025*	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	126,434	129,425	132,464	135,551	138,685	141,863
# of Beds	439	439	475	475	475	475
ADC	346.39	354.59	362.92	371.37	379.96	388.67
Utilization	78.9%	80.8%	82.7%	78.2%	80.0%	81.8%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

UNC REX Health System

Combined UNC REX Hospital and UNC REX Holly Springs Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025*	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	137,533	141,306	145,182	149,165	153,257	157,461
# of Beds	489	489	525	534	534	534
ADC	376.80	387.14	397.78	408.67	419.88	431.4
Utilization	77.1%	79.2%	79.2%	76.5%	78.6%	80.8%
Utilization Performance Standard per RULE	75.2%	75.2%	75.2%	75.2%	75.2%	75.2%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

*UNC REX Hospital 36 AC Beds are projected to become operational on 7/1/2025

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County acute care bed service area. The applicant filed concurrent applications in this review to develop 36 acute care beds at UNC REX Hospital and 9 acute care beds at

UNC REX Holly Springs Hospital. UNC REX Hospital and UNC REX Holly Springs Hospital operate under the same hospital license.

- The applicant relies on its historical utilization in projecting future utilization.
- The applicant adjusted patient days downward at both UNC REX Hospital and UNC REX Holly Springs Hospital to account for the impact of COVID.
- The applicant used appropriate days of care for UNC REX Holly Springs Hospital, based on service area, from historic days of care provided by UNC REX Holly Springs Hospital
- The applicant projected historical utilization at UNC REX Hospital forward using a conservative percent when compared to historical growth after adjusted for the impact of COVID.
- The applicant projected utilization at UNC REX Holly Springs Hospital forward using a percent derived after being adjusted downward to account of the impact of COVID. . The applicant then reduced that by 20.0% for each year of projected utilization at UNC REX Holly Springs Hospital. This was a reasonable approach as UNC REX Holly Springs Hospital only started offering service in November 2021.
- The applicant’s projected utilization for all the acute care beds (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3803(a).

Access to Medically Underserved Groups

In Section C.6, page 60, the applicant states,

“UNC REX prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC REX’s Patient Rights and Responsibilities Policy, patients have the right to receive ‘care that is free of discrimination’ and ‘medically necessary treatment regardless of [their] ability to pay.’”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons*	na
Racial and ethnic minorities	36.0%
Women	61.5%
Persons with Disabilities*	na
The elderly	36.9%
Medicare beneficiaries	40.2%
Medicaid recipients	5.3%

Source: Table on page 65 of the application.

*UNC REX does not maintain data that includes the number of low income or disabled persons it serves.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds
UNC REX Holly Springs Hospital proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

Patient Origin

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single and multicounty groupings shown in Figure 5.1.*” Figure 5.1, on page 38, shows Wake County in a single grouping. The facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services and the entire facility at UNC REX Holly Springs Hospital.

UNC REX Holly Springs Hospital: Acute Care Beds

County	Historical (11/1/2021 to May 30, 2022) *		Third Full FY of Operation following Project Completion (7/1/2027 to 6/30/2028)	
	Patients	% of Total	Patients	% of Total
Wake	684	79.8%	3,414	79.8%
Harnett	94	11.0%	469	11.0%
Lee	21	2.5%	105	2.5%
Chatham	9	1.1%	45	1.1%
Other**	49	5.7%	245	5.7%
Total	857	100.0%	4,277	100.0%

Source: Tables on pages 35 and 38 of the application.

*UNC REX Holly Springs Hospital opened on November 1, 2021.

**Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

UNC REX Holly Springs Hospital: Entire Facility

County	Historical (11/1/2021 to May 30, 2022) *		Third Full FY of Operation following Project Completion (7/1/2027 to 6/30/2028)	
	Patients	% of Total	Patients	% of Total
Wake	10,718	83.0%	53,496	83.0%
Harnett	1,055	8.2%	5,266	8.2%
Lee	188	1.5%	938	1.5%
Other**	950	7.4%	4,742	7.4%
Total	12,911	100.0%	64,442	100.0%

Source: Tables on pages 35 and 38 of the application.

*UNC REX Holly Springs Hospital opened on November 1, 2021.

**Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

In Section C, page 37, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because they are based on the historical [November 2021 to May 2022] patient origin for acute care bed services at UNC REX Holly Springs Hospital and the proposed project is not expected to result in any change in patient origin.

Analysis of Need

In Section C, pages 39-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The dynamic population growth in the region served by Wake County providers, including the growth in the population over age 65 (pages 41-44).
- The need for additional capacity in Central and Southern Wake County (pages 44-49).
- The need for additional capacity at UNC REX Holly Springs Hospital (pages 49-51).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for 45 acute care beds in the Wake County acute care service area in the 2022 SMFP. The applicant is applying to develop 9 acute care beds at UNC REX Holly Springs Hospital in Wake County in accordance with the need determination in the 2022 SMFP. [Note- the applicant filed a concurrent application to develop 36 acute care beds at UNC REX Hospital, Wake County].
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.
- The applicant demonstrates the need for the proposed additional 36 acute care bed capacity at UNC REX Holly Springs Hospital.

Projected Utilization

In Section Q Forms C.1a and C.1b, the applicant provides historical, interim and projected utilization for UNC REX Holly Springs Hospital acute care beds, as illustrated in the following tables.

UNC REX Holly Springs Hospital Historical and Interim Acute Care Bed Utilization

	Last Full FY2022	Interim FY2023	Interim FY2024	Interim FY2025
Total # of Beds	50	50	50	59
# of Discharges	857	3,044	3,258	3,488
# of Patient Days	2,473	11,100	11,881	12,718
Average Length of Stay	2.9	3.6	3.6	3.6
Occupancy Rate	13.6%	60.8%	65.1%	59.1%

Note: FY is 7/1/___ to 6/30/___.

UNC REX Holly Springs Hospital Projected Acute Care Bed Utilization

	1 st FY2026	2 nd FY2027	3 rd FY2028
Total # of Beds	59	59	59
# of Discharges	3,733	3,996	4,277
# of Patient Days	13,614	14,572	15,599
Average Length of Stay	3.6	36	3.6
Occupancy Rate	63.2%	67.7%	72.4%

Note: FY is 7/1/___ to 6/30/___.

In Section Q, Form C Utilization-Assumptions and Methodology (pages 1-9), the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

UNC REX operates on the State Fiscal Year which is July 1st thru June 30th.

The first three project years are SFY2026, SFY2027 and SFY2028.

There are two hospitals on the UNC REX hospital license: UNC REX Hospital (439 beds) and UNC REX Holly Springs Hospital (50 beds).

UNC REX Holly Springs Hospital started offering service in November 2021.

In this review cycle UNC REX Hospital and UNC REX Holly Springs Hospital put in complimentary applications for 36 AC beds and 9 AC beds respectively.

UNC REX Hospital

Step #1: UNC REX Hospital: Historical Days of Care: The applicant provided the historical patient days of care for UNC REX Hospital for SFY2019 to SFY2022. The CAGR for this period of time was 6.8%. (Form C, pages 1-3).

Step #2: COVID Adjustment: To account for the impact of COVID the applicant adjusted the patient days of care downward by 3.7% for SFY2020 to SFY2022. After the patient days of care were adjusted downward the CAGR was 5.5%. (Form C, page 3).

Step #3: Projected Days of Care for UNC REX. The applicant projected patient days of care for SFY2022 through SFY2028 (the 3rd Project Year) by growing historical utilization at 2.74% which was half of the CAGR from Step 2. (Form C, pages 3-4)

UNC REX Holly Springs Hospital

Step #4: The applicant identified the number of acute care days served by UNC REX Hospital for the years SFY2019 – SFY2022 that would have been appropriate for UNC REX Holly Springs Hospital. The CAGR for this period was 8.4%. (Form C, pages 4-5).

Step #5: COVID Adjustment: The applicant then adjusted downward the days of care identified in Step #4 by 3.7% for the years SFY2020 to SFY2022 to account for the impact of COVID. After the patient days of care were adjusted downward the CAGR was 7.0%. (Form C, page 6).

Step #6: Project the appropriate days of care for UNC REX Holly Springs Hospital by growing historic utilization at 7.0% which was the CAGR from Step #5. (Form C, page 6).

Step #7: The applicant only projects 80% of the projected patient days from Step #6 will be served (or shift from UNC REX Hospital) by UNC REX Holly Springs Hospital. (Form C, page 6).

Step #8: The applicant calculates projected utilization (occupancy) for UNC REX Holly Springs Hospital and UNC REX Hospital as shown in the following tables. (Form C, pages 6-8).

UNC REX Holly Springs Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	11,100	11,881	12,718	13,614	14,572	15,599
# of Beds	50	50	50	59	59	59
ADC	30.41	32.55	34.84	37.30	39.92	42.77
Utilization	60.8%	65.1%	69.7%	63.2%	67.7%	72.4%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

Projected Utilization: UNC REX Hospital (Form C, page 8)

UNC REX Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025*	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	126,434	129,425	132,464	135,551	138,685	141,863
# of Beds	439	439	475	475	475	475
ADC	346.39	354.59	362.92	371.37	379.96	388.67
Utilization	78.9%	80.8%	82.7%	78.2%	80.0%	81.8%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

*UNC REX Hospital 36 AC Beds are projected to become operational on 7/1/2025

Projected Utilization: UNC REX Health System re: AC Beds in Wake County (UNC REX Hospital and UNC REX Holly Springs Hospital) (Form C, page 9)

UNC REX Health System

Combined UNC REX Hospital and UNC REX Holly Springs Hospital: Projected Utilization

	Interim SFY2023	Interim SFY2025	Interim SFY2025*	OY1 SFY2026	OY2 SFY2027	OY3 SFY2028
Acute Days of Care	137,533	141,306	145,182	149,165	153,257	157,461
# of Beds	489	489	525	534	534	534
ADC	376.80	387.14	397.78	408.67	419.88	431.4
Utilization	77.1%	79.2%	79.2%	76.5%	78.6%	80.8%
Utilization Performance Standard per RULE	75.2%	75.2%	75.2%	75.2%	75.2%	75.2%

Average Daily Census (ADC) = Days of Care/365

Utilization is ADC/# of Beds

*UNC REX Hospital 36 AC Beds are projected to become operational on 7/1/2025

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County acute care bed service area. The applicant filed concurrent applications in this review to develop 36 acute care beds at UNC REX Hospital and 9 acute care beds at UNC REX Holly Springs Hospital. UNC REX Hospital and UNC REX Holly Springs Hospital operate under the same hospital license.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant adjusted patient days downward at both UNC REX Hospital and UNC REX Holly Springs Hospital to account for the impact of COVID.
- The applicant used appropriate days of care for UNC REX Holly Springs Hospital, based on service area, from historic days of care provided by UNC REX Holly Springs Hospital
- The applicant projected historical utilization at UNC REX Hospital forward using a conservative percent when compared to historical growth after adjusted for the impact of COVID.
- The applicant projected utilization at UNC REX Holly Springs Hospital forward using a percent derived after being adjusted downward to account of the impact of COVID. . The applicant then reduced that by 20.0% for each year of projected utilization at UNC REX Holly Springs Hospital. This was a reasonable approach as UNC REX Holly Springs Hospital only started offering service in November 2021.
- The applicants projected utilization of observation beds was reasonable as it was based on a calculation of observation day to acute care day for the first seven months of operation of UNC REX Holly Springs Hospital and then reduced by 20.0%.
- The applicant’s projected utilization for all the acute care beds (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3803(a).

Access to Medically Underserved Groups

In Section C.6, page 57, the applicant states,

“UNC REX prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC REX’s Patient Rights and Responsibilities Policy, patients have the right to receive ‘care that is free of discrimination’ and ‘medically necessary treatment regardless of [their] ability to pay.’”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons*	na
Racial and ethnic minorities	31.0%
Women	60.7%
Persons with Disabilities*	na
The elderly	24.6%
Medicare beneficiaries	26.2%
Medicaid recipients	14.2%

Source: Table on page 62 of the application.

*UNC REX does not maintain data that includes the number of low income or disabled persons it serves.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.

- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

UNC REX Hospital proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

Patient Origin

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in the service area.

The following tables illustrate historical and projected patient origin for surgical services and the entire facility at UNC REX Hospital Main Campus.

UNC REX Hospital Main Campus: Operating Rooms

County	Historical (7/1/2020 to 6/30/2021)		Third Full FY of Operation following Project Completion (7/1/2026 to 6/30/2027)	
	Patients	% of Total	Patients	% of Total
Wake	12,656	63.0%	14,344	63.0%
Johnston	1,555	7.7%	1,762	7.7%
Harnett	812	4.0%	920	4.0%
Franklin	673	3.3%	763	3.3%
Wayne	523	2.6%	593	2.6%
Nash	449	2.2%	509	2.2%
Wilson	399	2.0%	452	2.0%
Sampson	362	1.8%	410	1.8%
Durham	297	1.5%	337	1.5%
Cumberland	197	1.0%	223	1.0%
Other*	2,173	10.8%	2,463	10.8%
Total	20,096	100.0%	22,776	100.0%

Source: Tables on pages 35 and 38 of the application.

*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

UNC REX Hospital Main Campus: Entire Facility

County	Historical (7/1/2020 to 6/30/2021)		Third Full FY of Operation following Project Completion (7/1/2026 to 6/30/2027)	
	Patients	% of Total	Patients	% of Total
Wake	301,885	72.2%	341,477	72.2%
Johnston	31,157	7.4%	35,243	7.4%
Harnett	12,218	2.9%	13,820	2.9%
Franklin	15,143	3.6%	17,129	3.6%
Sampson	5,036	1.2%	5,696	1.2%
Wayne	5,176	1.2%	5,855	1.2%
Wilson	4,649	1.1%	5,259	1.1%
Nash	6,168	1.5%	6,977	1.5%
Durham	6,562	1.6%	7,423	1.6%
Other*	30,295	7.2%	34,268	7.2%
Total	418,289	100.0%	473,147	100.0%

Source: Tables on pages 36 and 39 of the application.

*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 36 and 39 of the application. Other also includes other states.

Source: Tables on pages 35 and 38 of the application.

*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 35 and 38 of the application. Other also includes other states.

In Section C, page 37, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [SFY 2021] patient origin for surgical services at UNC REX Hospital and the proposed project is not expected to result in any change in patient origin.

Analysis of Need

In Section C, pages 40-57, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The dynamic population growth in the region served by Wake County providers, including the growth in the population over age 65 (pages 41-44).
- Demand for surgical services (pages 44-52).
- Need for additional capacity for UNC REX’s patients (52-57).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop both the ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant projected surgical cases and procedure room cases based on historical data projected forward at a reasonable growth rate.
- The applicant provides reasonable and adequately supported data to support the need for additional ORs in both Wake County and at UNC REX Hospital
- The applicant demonstrates the need both for all existing approved, and proposed ORs in the UNC Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at UNC REX Hospital.

Projected Utilization

UNC REX Hospital

In Section Q, Form C.3a and C.3b, the applicant provides historic, interim and projected OR utilization at UNC REX Hospital, as illustrated in the following table.

UNC REX Hospital: Projected OR Cases*

Surgical Cases	Historic SFY 2022 (7/1/2021 – 6/30/2022)	Interim SFY 2023 (7/1/2022 – 6/30/2023)	Interim SFY 2025 (7/1/2024 – 6/30/2025)	Year 1 SFY 2025 (7/1/2024 – 6/30/2025)	Year 2 SFY 2026 (7/1/2025 – 6/30/2026)	Year 3 SFY 2027 (7/1/2026 – 6/30/2027)
# of ORs**	24	25	25	27	27	27
IP Cases	6,456	5,948	5,704	5,470	5,246	5,031
OP Cases	14,173	14,377	15,156	15,976	16,838	17,745
Total Surgical Cases	20,629	20,325	20,860	21,446	22,084	22,776

*UNC REX Hospital does **not** include UNC REX Holly Springs Hospital.

**Adjusted Planning Inventory Operating Rooms. Does not include C-Section, Trauma or Burn ORs.

In Section Q, Form C *Assumptions and Methodology*, pages 1-22, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step #1) Identify UNC Health System Wake County Facilities with ORs and Overall Historic OR IP/OP Utilization (Form C *Assumptions and Methodology pages 1-2*)

Step #2) UNC REX Hospital Historic OR Utilization (page 3)

Step #3) UNC Projected Inpatient & Outpatient Growth (pages 3-4)

Step #4) Projected Surgical Utilization at UNC REX Hospital prior to shifts to already approved projects (page 4)

Step #5) Impact of Relocation of Operating Rooms from UNC REX Hospital to UNC REX Holly Springs Hospital (pages 5-7)

Step #6) UNC REX Hospital Utilization after Development of UNC REX Holly Springs Hospital (pages 8-9)

Step #7) UNC REX Holly Springs Hospital (pages 9-10).

Step #8) REX Surgery Center of Wakefield (pages 10-12).

Step #9) REX Surgery Center of Cary (pages 12-13)

Step #10) Raleigh Orthopaedic Surgery Center, Orthopaedic Surgery Center of Garner and

Step #11) Raleigh Orthopaedic Surgery Center-West Cary (pages 13-22)

- *Raleigh Orthopaedic Surgery Center Projected Utilization Prior to Shifts (pages 15-17)

- *Impact of Projected Utilization of Orthopaedic Surgery Center of Garner on Raleigh Orthopaedic Surgery Center (pages 17-18)

- *Impact of Projected Utilization of Raleigh Orthopaedic Surgery Center- West Cary on Raleigh Orthopaedic Surgery Center (pages 18-20)

- *Raleigh Orthopaedic Surgery Center Utilization after Development of Orthopaedic Surgery Center of Garner and Raleigh Orthopaedic Surgery Center-West Cary (pages 20-22)

Step #12) Summary (page 22)

- *UNC Health System Facilities' Historical OR Utilization in Wake County

- *UNC Health System Facilities' Projected OR Utilization in Wake County

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP. Health system is defined in 10ANCAC 14C .2101 and in Chapter 6 Operating Rooms, page 49 of the 2022 SMFP.

There are seven facilities (existing or approved) in the UNC Health System in Wake County with existing or approved ORs. The UNC Health System has a total of 40 ORs in the adjusted planning inventory.

UNC Health System Facilities with Existing/Approved ORs

	Adjusted Planning Inventory
Orthopaedic Surgery Center of Garner	1
Rex Surgery Center of Cary	4
Raleigh Orthopedic Surgery Center	4
Rex Surgery Center of Wakefield	2
Raleigh Orthopedic Surgery-West Cary	1
UNC REX Hospital	25
UNC REX Holly Springs Hospital	3
UNC Health Care System Total	40

Source: 2023 SMFP, Table 6B.

As shown in the tables below, the applicant demonstrates the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion.

UNC REX Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	5,470	5,246	5,031
B	Inpatient Surgical Case Times (in Minutes)	180	180	180
C	Inpatient Surgical Hours	16,410	15,738	15,093
D	Outpatient Surgical Cases	15,976	16,838	17,745
E	Outpatient Surgical Case Times (in Minutes)	128	128	128
F	Outpatient Surgical Hours	34,082	35,921	37,857
G	Total Surgical Cases (Row A + Row D)	21,446	22,084	22,776
H	Total Surgical Hours (Row C + Row F)	50,492	51,659	52,950
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	25.9	26.5	27.2
L	Existing and Approved ORs**	25	25	25
M	OR Surplus/ (Deficit) *	(0.9)	(1.5)	(2.2)
N	ORs Applied for in this Application	2	2	2

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs UNC REX Hospital is currently approved for.

REX Holly Springs Hospital

REX Holly Springs Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	342	326	310
B	Inpatient Surgical Case Times (in Minutes)	180	180	180
C	Inpatient Surgical Hours	1,027	978	931
D	Outpatient Surgical Cases	1,626	1,660	1,694
E	Outpatient Surgical Case Times (in Minutes)	128	128	128
F	Outpatient Surgical Hours	3,469	3,541	3,614
G	Total Surgical Cases (Row A + Row D)	1,968	1,986	2,005
H	Total Surgical Hours (Row C + Row F)	4,496	4,519	4,546
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	2.3	2.3	2.3
L	Existing and Approved ORs**	3	3	3
M	OR Surplus/ (Deficit)*	0.7	0.7	0.7
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs UNC REX Holly Springs Hospital is currently approved for.

REX Surgery Center of Wakefield

REX Surgery Center of Wakefield: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	3,789	4,011	4,245
E	Outpatient Surgical Case Times (in Minutes)	65.4	65.4	65.4
F	Outpatient Surgical Hours	4,130	4,372	4,627
G	Total Surgical Cases (Row A + Row D)	3,789	4,011	4,245
H	Total Surgical Hours (Row C + Row F)	4,130	4,372	4,627
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	3.1	3.3	3.5
L	Existing and Approved ORs**	2	2	2
M	OR Surplus/ (Deficit) *	(1.1)	(1.3)	(1.5)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs REX Surgery Center of Wakefield is currently approved for.

REX Surgery Center of Cary

REX Surgery Center of Cary: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	3,274	3,129	2,991
E	Outpatient Surgical Case Times (in Minutes)	66	66	66
F	Outpatient Surgical Hours	3,601	3,442	3,290
G	Total Surgical Cases (Row A + Row D)	3,274	3,129	2,991
H	Total Surgical Hours (Row C + Row F)	3,601	3,442	3,290
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	2.7	2.6	2.5
L	Existing and Approved ORs**	4	4	4
M	OR Surplus/ (Deficit)*	1.3	1.4	1.5
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs REX Surgery Center of Cary is currently approved for.

Raleigh Orthopedic Surgery Center

Raleigh Orthopedic Surgery Center: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	2,959	2,968	3,151
E	Outpatient Surgical Case Times (in Minutes)	82.1	82.1	82.1
F	Outpatient Surgical Hours	4,049	4,062	4,311
G	Total Surgical Cases (Row A + Row D)	2,959	2,968	3,151
H	Total Surgical Hours (Row C + Row F)	4,049	4,062	4,311
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	3.1	3.1	3.3
L	Existing and Approved ORs**	4	4	4
M	OR Surplus/ (Deficit)*	0.9	0.9	0.7
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Raleigh Orthopedic Surgery Center is currently approved for.

Orthopaedic Surgery Center of Garner

Orthopaedic Surgery Center of Garner: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,830	2,031	2,067
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	2,138	2,373	2,415
G	Total Surgical Cases (Row A + Row D)	1,830	2,031	2,067
H	Total Surgical Hours (Row C + Row F)	2,138	2,373	2,415
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.6	1.8	1.8
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.6)	(0.8)	(0.8)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Orthopaedic Surgery Center of Garner is currently approved for.

Raleigh Orthopaedic Surgery Center -West Cary

Raleigh Orthopaedic Surgery Center -West Cary: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,136	1,136	1,136
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	1,327	1,327	1,327
G	Total Surgical Cases (Row A + Row D)	1,136	1,136	1,136
H	Total Surgical Hours (Row C + Row F)	1,327	1,327	1,327
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1	1	1.02
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.02)	(0.02)	(0.02)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Raleigh Orthopaedic Surgery Center -West Cary is currently approved for.

UNC Health System Projected OR Surplus/(Deficit)

UNC REX Health System Facilities with ORs		Year 1 SFY2025	Year 2 SFY2026	Year 3 SFY2027
Orthopaedic Surgery Center of Garner	OR Surplus/ (Deficit)*	(0.6)	(0.8)	(0.8)
Rex Surgery Center of Cary	OR Surplus/ (Deficit)*	1.3	1.4	1.5
Raleigh Orthopedic Surgery Center	OR Surplus/ (Deficit)*	0.9	0.9	0.7
Rex Surgery Center of Wakefield	OR Surplus/ (Deficit)*	(1.1)	(1.3)	(1.5)
Raleigh Orthopedic Surgery-West Cary	OR Surplus/ (Deficit)*	(0.02)	(0.02)	(0.02)
UNC REX Holly Springs Hospital	OR Surplus/ (Deficit)*	0.7	0.7	0.7
UNC REX Hospital	OR Surplus/ (Deficit)*	(0.9)	(1.5)	(2.2)
SUB-TOTAL	OR Surplus/ (Deficit)*	0.28	(0.62)	(1.62)
0.50 rounds up. Less rounds down.		0	(1.0)	(2.0)
UNC REX Hospital (Current Application)	Proposed Project- 2 New ORs	2	2	2
TOTAL after Project Completion	OR Surplus/ (Deficit)*	2.0	1.0	0

As shown in the tables above, the applicant demonstrates the need both for all existing approved, and proposed ORs in the UNC Health System in Wake County at the end of the third

full fiscal year following project completion and for the need for the proposed two ORs at UNC REX Hospital.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop both the ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant projected surgical cases and procedure room cases based on historical data projected forward at a reasonable growth rate. The applicant calculated the historical CAGR for the UNC Health System in Wake County for both inpatient and outpatient surgical cases for both a three year period (SFY2016 to SFY2019) and a six year period (SFY2016 to SFY2022). The applicant then used the CAGR for the six year period which was the more conservative (less favorable) to the applicant. In projecting for UNC REX hospital the applicant utilized the six year CAGR.
- The applicant accounted for projected shifts of surgical cases from UNC REX Hospital to other facilities in the UNC Health System.
- In projecting utilization in other UNC Health System facilities the applicant calculated and then used the historical CAGR growth rate.
- In projecting utilization in other UNC Health System facilities the applicant, where appropriate, factored in “shifts” of surgical cases from one facility to another.
- Overall, the applicant demonstrated that for the UNC Health System in Wake County projected overall utilization for inpatient surgical cases and outpatient surgical cases, through the third project year of the proposed project, grew at the historic six year rate for inpatient surgical cases and grew outpatient surgical cases at rate 0.2% higher than the six year historic rate, which, with the trend toward outpatient cases, is reasonable.
- The applicant demonstrates the need both for all existing approved, and proposed ORs in the UNC Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at UNC REX Hospital.
- The applicant’s projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Access to Medically Underserved Groups

In Section C.6, page 63, the applicant states,

“UNC REX prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC REX’s Patient Rights and Responsibilities Policy, patients have the right to receive ‘care that is free of discrimination’ and ‘medically necessary treatment regardless of [their] ability to pay.’”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons*	na
Racial and ethnic minorities	36.0%
Women	61.5%
Persons with Disabilities*	na
The elderly	36.9%
Medicare beneficiaries	40.2%
Medicaid recipients	5.3%

Source: Table on page 67 of the application.

*UNC REX does not maintain data that includes the number of low income or disabled persons it serves.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

Duke Green Level ASC proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID#J-11557-

18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID#J-11557-18.

The ASC is an approved multi-specialty ASC offering the following surgical specialties: general surgery, gynecology, ophthalmology, orthopaedic, otolaryngology, neurosurgery, plastic, podiatry, urology and vascular.

Patient Origin

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in the service area.

Duke Green Level ASC is an approved, undeveloped facility. The following tables illustrate projected patient origin for ORs and the entire facility.

Duke Green Level ASC: Operating Room- Projected Patient Origin						
County	1 st FFY (7/1/2026 – 6/30/2027)		2 nd FFY (7/1/2027 – 6/30/2028)		3 rd FFY (7/1/2028 – 6/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	782	51.1%	1,213	51.1%	1,675	51.1%
Johnston	72	4.7%	112	4.7%	154	4.7%
Durham	60	3.9%	94	3.9%	129	3.9%
Franklin	56	3.6%	86	3.6%	119	3.6%
Cumberland	50	3.3%	77	3.3%	107	3.3%
Harnett	36	2.3%	55	2.3%	77	2.3%
Nash	23	1.5%	35	1.5%	49	1.5%
Pitt	24	1.6%	37	1.6%	51	1.6%
Orange	18	1.2%	29	1.2%	39	1.2%
Granville	17	1.1%	27	1.1%	37	1.1%
Other States	61	4.0%	94	4.0%	130	4.0%
Other NC Counties*	332	21.7%	515	21.7%	711	21.7%
Total	1,532	100.0%	2,374	100.0%	3,279	100.0%

Source: Section C, page 35.

*Other includes less than one percent from the remaining North Carolina Counties.

Duke Green Level ASC: Entire Facility- Projected Patient Origin						
County	1st FFY (7/1/2026 – 6/30/2027)		2nd FFY (7/1/2027 – 6/30/2028)		3rd FFY (7/1/2028 – 6/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Wake	1,133	51.1%	1,727	51.1%	2,450	51.1%
Johnston	104	4.7%	159	4.7%	226	4.7%
Durham	87	3.9%	133	3.9%	189	3.9%
Franklin	80	3.6%	123	3.6%	174	3.6%
Cumberland	72	3.3%	110	3.3%	156	3.3%
Harnett	52	2.3%	79	2.3%	112	2.3%
Nash	33	1.5%	50	1.5%	72	1.5%
Pitt	35	1.6%	53	1.6%	75	1.6%
Orange	27	1.2%	41	1.2%	58	1.2%
Granville	25	1.1%	38	1.1%	54	1.1%
Other States	88	4.0%	134	4.0%	190	4.0%
Other NC Counties*	481	21.7%	733	21.7%	1,040	21.7%
Total	2,219	100.0%	3,381	100.0%	4,796	100.0%

Source: Section C, page 36.

*Other includes less than one percent from the remaining North Carolina Counties.

In Section C, page 33, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FY 2021] ambulatory surgery patient origin for DRAH as 88% of the projected surgical cases in project year 3 are expected to be ASC-appropriate cases shifted from DRAH.

Analysis of Need

In Section C, pages 37-54, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Growing ambulatory surgical volumes at DUHS facilities (pages 38-42).
- Ambulatory surgery trends (pages 42-47).
- DUHS initiatives to enhance access to ambulatory services (pages 47-49).
- Duke Health physician recruitment plans (page 50)
- Projected population growth in the service area (pages 50-54).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop both the ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant uses reliable and publicly available data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and supported data on ambulatory surgery trends, DUHS initiatives to enhance access to ambulatory surgical services, Duke Health physician recruitment plans and growing ambulatory surgical volumes at DUHS facilities.

Projected Utilization

Duke Green Level ASC

Duke Green Level ASC is an approved ASF which has not yet been developed. In Section Q, Form C.3b, page 124, the applicant provides projected utilization at Duke Green Level ASC, as illustrated in the following table.

Duke Green Level ASC: Projected OR Cases

Surgical Cases	Partial Year (8/1/2025 – 6/30/2026)	1st FFY (7/1/2026 – 6/30/2027)	2nd FFY (7/1/2027 – 6/30/2028)	3rd FFY (7/1/2028 – 6/30/2029)
# of ORs	3	3	3	3
IP Cases	0	0	0	0
OP Cases	812	1,532	2,374	3,279
Total Surgical Cases	812	1,532	2,374	3,279

In Section Q Form C.3a and C.3b Utilization Assumptions and Methodology, pages 129-144, the applicant provides the assumptions and methodology used to project utilization at Duke Health Green Level ASC and in the other four facilities (1 existing, 3 approved) in the Wake County Duke health system, as summarized below.

- Step 1: Review historical DUHS OR cases, FY2018-2022 (pages 129-130).
- Step 2: Determine projected surgical case CAGR (IP and OP) by DUHS facility (pages 131-132)
- Step 3: Projected DUHS Surgical Cases (IP/OP) by Facility (BEFORE Shift of Cases to Other DUHS Facilities (page 133)
- Step 4: DRAH OP Surgical Cases After Shift to Duke Green Level Hospital (pages 133-134)
- Step 5: Identify Historical Surgical Cases Appropriate for ASC (all specialties) (page 134)
- Step 6: DRAH Projected Surgical Cases Appropriate for Freestanding ASC (All Specialties) (page 135)
- Step 7: Identify Percentage of Outpatient Cases by Facility & Specialty (pages 135-136)

- Step 8: Potential cases available to shift to DUHS ASCs based on specialty (pages 136-137)
- Step 8a: ASC-Appropriate Cases Available to Shift to New Duke Health Green Level ASC by Specialty Excluding Cases Projected to Shift to Arrington ASC, Duke Health Raleigh ASC and Duke Health Garner ASC (pages 137-139).
- Step 9: Project percentage shift to existing and proposed Duke Health Green Level ASC ORs (pages 139-140)
- Step 10: Projected OP Surgical Cases at Duke Health Green Level ASC (based on shift from source facility) (pages 141-142).
- Step 11: Identify Remaining Surgical Cases at DRAH OR after projected shifts to approved and proposed DUHS facilities (pages 142-143)

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP. Health system is defined in 10ANCAC 14C .2101 and in Chapter 6 Operating Rooms, page 49 of the 2022 SMFP.

There are five facilities (existing or approved) in the Duke Health System in Wake County with existing or approved ORs. The Duke Health System has a total of 17 ORs in the adjusted planning inventory.

Duke Health System Facilities with Existing/Approved ORs

	Adjusted Planning Inventory
Duke Green Level Hospital	2
Duke Health Green Level ASC	1
Duke Health Garner ASC	1
Duke Health Raleigh ASC	1
Duke Raleigh Hospital	12
Duke University Health System Total	17

Source: 2023 SMFP, Table 6B.

As shown in the tables below, the applicant demonstrates the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion.

In Forms C.3a and C.3b, pages 121-128, the applicant provided the historic, interim, and projected surgical cases for Duke Health Green Level ASC, Duke Raleigh Hospital, Duke Green Level Hospital, Duke Health Raleigh ASC and Duke Health Garner ASC.

Duke Green Level ASC: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,532	2,374	3,279
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	1,789	2,774	3,831
G	Total Surgical Cases (Row A + Row D)	1,532	2,374	3,279
H	Total Surgical Hours (Row C + Row F)	1,789	2,774	3,831
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.4	2.1	2.9
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.4)	(1.1)	(1.9)
N	ORs Applied for in this Application	2	2	2

Source: Section Q, Form C.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Duke Green Level ASC is currently approved for.

Duke Raleigh Hospital

Duke Raleigh Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
A	Inpatient Surgical Cases	2,692	2,656	2,619
B	Inpatient Surgical Case Times (in Minutes)	222.8	222.8	222.8
C	Inpatient Surgical Hours	9,996	9,863	9,725
D	Outpatient Surgical Cases	6,955	6,496	6,026
E	Outpatient Surgical Case Times (in Minutes)	139	139	139
F	Outpatient Surgical Hours	16,111	15,049	13,960
G	Total Surgical Cases (Row A + Row D)	9,647	9,152	8,645
H	Total Surgical Hours (Row C + Row F)	26,108	24,911	23,685
I	Group Assignment	3	3	3
J	Standard Hours per OR per Year	1,755	1,755	1,755
K	Number of ORs Needed* (Row H / Row J)	14.9	14.2	13.5
L	Existing and Approved ORs**	12	12	12
M	OR Surplus/ (Deficit)*	(2.9)	(2.2)	(1.5)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C. page 125

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Duke Raleigh Hospital is currently approved for.

Duke Health Raleigh ASC

Duke Health Raleigh ASC: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	2,218	2,218	2,218
E	Outpatient Surgical Case Times (in Minutes)	39.9	39.9	39.9
F	Outpatient Surgical Hours	1,475	1,475	1,475
G	Total Surgical Cases (Row A + Row D)	2,218	2,218	2,218
H	Total Surgical Hours (Row C + Row F)	1,475	1,475	1,475
I	Group Assignment	5	5	5
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.1	1.1	1.1
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.1)	(0.1)	(0.1)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C, page 128.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Duke Health Raleigh ASC is currently approved for.

Duke Health Garner ASC

Duke Health Garner ASC: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,369	1,369	1,369
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	1,599	1,599	1,599
G	Total Surgical Cases (Row A + Row D)	1,369	1,369	1,369
H	Total Surgical Hours (Row C + Row F)	1,599	1,599	1,599
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.2	1.2	1.2
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.2)	(0.2)	(0.2)
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C, page 127.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.
 **Number of ORs Duke Health Garner ASC is currently approved for.

Duke Health Green Level Hospital

Duke Health Green Level Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
A	Inpatient Surgical Cases	332	439	585
B	Inpatient Surgical Case Times (in Minutes)	113.7	113.7	113.7
C	Inpatient Surgical Hours	629	832	1,109
D	Outpatient Surgical Cases	400	814	1,242
E	Outpatient Surgical Case Times (in Minutes)	72.7	72.7	72.7
F	Outpatient Surgical Hours	485	986	1,505
G	Total Surgical Cases (Row A + Row D)	732	1,253	1,828
H	Total Surgical Hours (Row C + Row F)	1,114	1,818	2,613
I	Group Assignment	4	4	4
J	Standard Hours per OR per Year	1,500	1,500	1,500
K	Number of ORs Needed* (Row H / Row J)	0.7	1.2	1.7
L	Existing and Approved OR capacity**	2	2	2
M	OR Surplus/ (Deficit)*	1.3	0.8	0.3
N	ORs Applied for in this Application	0	0	0

Source: Section Q, Form C, page 126

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Duke Health Green Level Hospital is currently approved for.

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP.

Duke Health System Facilities with ORs		Year 1 SFY2027	Year 2 SFY2028	Year 3 SFY2029
Duke Health Green Level ASC	OR Surplus/ (Deficit)*	(0.4)	(1.1)	(1.9)
Duke Health Raleigh ASC	OR Surplus/ (Deficit)*	(0.1)	(0.1)	(0.1)
Duke Health Garner ASC	OR Surplus/ (Deficit)*	(0.2)	(0.2)	(0.2)
Duke Green Level Hospital	OR Surplus/ (Deficit)*	1.3	0.8	0.3
Duke Raleigh Hospital	OR Surplus/ (Deficit)*	(2.9)	(2.2)	(1.5)
SUB-TOTAL	OR Surplus/ (Deficit)*	(2.3)	(2.8)	(3.4)
0.50 rounds up. Less rounds down.		(2.0)	(3.0)	(3.0)
Duke Green Level ASC (Current Application)	Proposed Project- 2 New ORs	2	2	2
TOTAL after Project Completion	OR Surplus/ (Deficit)*	0	(1.0)	(1.0)

As shown in the tables above, the applicant demonstrates the need both for all existing approved, and proposed ORs in the Duke Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at Duke Health Green Level ASC.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop both the ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant relies on its historical utilization in projecting future utilization at its Wake County facilities.
- The applicant calculated both inpatient and outpatient growth rates at Duke Raleigh Hospital for the four-year period of FY2018-FY2022. The applicant, in support of the 4-year ambulatory growth trend also relied on ambulatory surgery trends, population growth and aging and Duke Health physician recruitment plans.
- The applicant projected both inpatient (held flat) and outpatient (grown at 3.6% based on historical 4-year average) at Duke Raleigh Hospital through the third project year (FY2029) prior to adjusting for projected shift of outpatient surgical cases to other Duke Health System facilities.
- The applicant provided projected shifts to other facilities as well as projected utilization at existing and approved facilities based on reasonable and credible methodologies and assumptions.
- The applicant identified both the overall surgical cases projected to shift from Duke Raleigh Hospital and the projected surgical cases that would remain at Duke Raleigh Hospital.
- The applicant kept the projected procedure room utilization constant with the original projections in Project ID# J-11557-18.
- The applicant projected surgical cases and procedure room cases based on historical data projected forward at a reasonable growth rates
- The applicant demonstrates the need both for all existing approved, and proposed ORs in the UNC Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at Duke Raleigh Hospital.
- The applicant's projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

Access to Medically Underserved Groups

In Section C.6, page 60, the applicant states,

“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to Duke Health Green Level ASC, as clinically appropriate. DUHS does not and will not discriminate based on race, ethnicity, age, gender, or disability.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	8.1%
Racial and ethnic minorities	33.6%
Women	56.9%
Persons with Disabilities*	na
The elderly	38.8%
Medicare beneficiaries	38.8%
Medicaid recipients	5.9%

Source: Table on page 61 of the application.

*DUHS does not maintain data regarding the number of disabled patients its serves.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

Duke Raleigh Hospital proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

Patient Origin

On page 33, the 2022 SMFP defines the service area for acute care beds as “... *the single and multicounty groupings shown in Figure 5.1.*” Figure 5.1, on page 38, shows Wake County in a single grouping. The facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services and the entire facility at DRAH.

DRAH: Acute Care Beds

County	Historical (7/1/2021 to 6/30/2022)		Third Full FY of Operation following Project Completion (7/1/2025 to 6/30/2026)	
	Patients	% of Total	Patients	% of Total
Wake	5,925	63.1%	7,241	63.1%
Franklin	489	5.2%	598	5.2%
Johnston	358	3.8%	438	3.8%
Nash	166	1.8%	203	1.8%
Durham	177	1.9%	216	1.9%
Cumberland	173	1.8%	211	1.8%
Harnett	161	1.7%	197	1.7%
Vance	111	1.2%	136	1.2%
Pitt	78	0.8%	95	0.8%
Wilson	92	1.0%	112	1.0%
Virginia	154	1.6%	188	1.6%
Other States	85	0.9%	104	0.9%
Other NC Counties*	1,417	15.1%	1,732	15.1%
Total	9,386	100.0%	11,471	100.0%

Source: Tables on pages 28 and 30 of the application.

*Other- Includes less than one percent patient origin from each of the remaining counties in North Carolina.

DRAH: Entire Facility

County	Historical (7/1/2021 to 6/30/2022)		Third Full FY of Operation following Project Completion (7/1/2025 to 6/30/2026)	
	Patients	% of Total	Patients	% of Total
Wake	290,556	72.4%	315,742	72.4%
Franklin	20,547	5.1%	22,328	5.1%
Johnston	14,126	3.5%	15,350	3.5%
Nash	12,455	3.1%	13,535	3.1%
Durham	6,960	1.7%	7,563	1.7%
Cumberland	5,400	1.3%	5,868	1.3%
Harnett	4,621	1.2%	5,022	1.2%
Vance	2,984	0.7%	3,243	0.7%
Pitt	2,831	0.7%	3,076	0.7%
Wilson	2,252	0.6%	2,447	0.6%
Virginia	1,307	0.3%	1,420	0.3%
Other States	2,164	0.5%	2,352	0.5%
Other NC Counties*	34,916	8.7%	37,943	8.7%
Total	401,119	100.0%	435,889	100.0%

Source: Tables on pages 29 and 31 of the application.

*Other- Includes less than one percent patient origin from each of the remaining counties in North Carolina.

In Section C, page 30, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FY 2022 annualize based on 11 months data, July-May] patient origin for acute care bed services at DRAH and the proposed project is not expected to result in any change in patient origin based on the proposed project.

Analysis of Need

In Section C, pages 32-43, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for 45 additional acute care beds in Wake County identified in the 2022 SMFP (pages 32-34).
- Historical growth of inpatient volumes at DRAH (pages 35-39).
- Duke Health strategic growth (pages 39-40).
- Projected population growth in the service area (pages 40-43).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for 45 acute care beds in the Wake County acute care service area in the 2022 SMFP. The applicant is applying to develop 45 acute care beds in Wake County in accordance with the need determination in the 2022 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.

Projected Utilization

In Section Q Forms C.3b, page 98, the applicant provides Duke Raleigh Hospitals’ historical, interim and projected utilization for its acute care beds. The following tables summarize the historical, interim and projected utilization for all types of acute care beds at DUH.

DRAH Historical, Interim and Projected Acute Care Bed Utilization

	Last Full FY2021	Interim FY2022	Interim FY2023	OY1 FY2024	OY2 FY2025	OY3 FY2026
Total # of Beds	186	186	186	231	231	231
# of Discharges	9,833	9,386	9,869	10,439	11,045	11,471
# of Patient Days	51,311	54,279	54,279	56,370	58,541	60,796
Average Length of Stay	5.2	5.8	5.5	5.4	5.3	5.3
Occupancy Rate	75.6%	80.0%	80.0%	66.9%	69.4%	72.1%

In Section Q Forms C.3a and C.3b Utilization-Assumptions and Methodology, pages 100-103, the applicant provides the methodology and assumptions for projecting utilization, as summarized below.

- All fiscal years run from July through June.
- FY2022 data is annualized based on eleven months (July-May).
- The applicant projects growth rate assumption is 3.85% for inpatient days of care. This growth rate is below (50% lower) than the CAGR for FY2015-FY2020 [$7.7\% \times 0.5 = 3.85$].
- Inpatient (IP) days are based on the projected discharges, average daily census (ADC), and the average length of stay (ALOS).
- The applicant bases the projected ALOS of 5.3 on the three-year weighted ALOS during FY2020-FY2022. The applicant notes that the ALOS at DRAH increased from 5.0 in FY2019 to 5.8 in FY2022 which was attributed several factors including increased scope of specialty services and many procedures that were previously inpatient (ex. knee replacement) are now performed on an outpatient basis.

	Last Full FY2021	Interim FY2022	Interim FY2023	OY1 FY2024	OY2 FY2025	OY3 FY2026
# of Patient Days	51,311	54,279	54,279	56,370	58,541	60,796
# of Beds	186	186	186	231	231	231
ADC*	140.6	148.7	148.7	154.4	160.4	166.56
Utilization	75.6%	80.0%	80.0%	66.8%	69.4%	72.1%
Utilization Performance Standard per RULE	71.4%	71.4%	71.4%	71.4%	71.4%	71.4%

*ADC= Patient Days/365

As shown in the table above, the applicant projects DUH will have a utilization rate of 72.1% in the third year of operation (FY2026) following project completion which exceeds the required 71.4% performance standard.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County acute care bed service area.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant calculated historic inpatient utilization for the five year period of FY2015-FY2020. The growth rate for the period was 7.7%. The applicant then projected utilization based on 50% of the 7.7%[(3.85%)] through the third project year.
- The applicant projected a decrease in ALOS from 5.5 in FY2023 to 5.3 in FY2026. The 5.3 ALOS equates to Duke Raleigh Hospital’s most recent three year weighted ALOS.
- Projected population growth in the area.
- Duke Health’s strategic growth and historical growth of inpatient volumes at Duke Raleigh Hospital.
- The applicant’s projected utilization for all the acute care beds (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3803(a).

Access to Medically Underserved Groups

In Section C.6, page 48, the applicant states,

“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to DRAH, as clinically appropriate. DUHS does not and will not discriminate based on race, ethnicity, age, gender, or disability.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	14.7%
Racial and ethnic minorities	38.8%
Women	51.8%
Persons with Disabilities*	na
The elderly	60.1%
Medicare beneficiaries	60.1%
Medicaid recipients	8.8%

Source: Table on page 49 of the application.

*DUHS does not maintain data regarding the number of disabled patients its serves.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

WakeMed Garner Hospital proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant

to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Patient Origin

Acute Care Beds. On page 33, the 2022 SMFP defines the service area for acute care beds as “... the single and multicounty groupings shown in Figure 5.1.” Figure 5.1, on page 38, shows Wake County in a single grouping. The proposed facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

Operating Rooms. On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The proposed facility is in Wake County. Thus, the service area for this facility is the Wake County service area. Facilities may also serve residents of counties not included in the service area.

WakeMed Garner Hospital is not an existing facility. The following tables illustrate projected patient origin for acute care beds and ORs.

WakeMed Garner Hospital: Acute Care Beds- Projected Patient Origin						
ZIP Code	1 st FFY (10/1/2026 – 9/30/2027)		2 nd FFY (10/1/2027 – 9/30/2028)		3 rd FFY (10/1/2028 – 9/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
27529	669	31.99%	761	30.65%	857	29.76%
27603	426	20.38%	500	20.15%	567	19.70%
27520	294	14.07%	336	13.53%	380	13.19%
27592	174	8.33%	199	8.00%	224	7.79%
27610	67	3.19%	95	3.81%	124	4.30%
27606	147	7.03%	220	8.86%	296	10.27%
Other NC and Out of State	314	15.00%	372	15.00%	432	15.00%
Total	2,092	100.00%	2,483	100.00%	2,879	100.00%

Source: Section C, page 50.

In Section C, page 49, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because 85% projected patient origin is based on the historical acute care bed patient origin from existing WakeMed acute care hospitals and 15% patient origin is assumed to originate from other areas within Wake County and outside Wake County.

WakeMed Garner Hospital: Operating Rooms- Projected Patient Origin						
ZIP Code	1 st FFY (10/1/2026 – 9/30/2027)		2 nd FFY (10/1/2027 – 9/30/2028)		3 rd FFY (10/1/2028 – 9/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
27529	501	27.00%	586	26.71%	658	26.34%
27603	353	19.03%	415	18.93%	461	18.43%
27520	313	16.88%	362	16.52%	408	16.31%
27592	186	10.06%	214	9.74%	243	9.71%
27610	150	8.10%	194	8.82%	239	9.56%
27606	73	3.93%	94	4.29%	116	4.65%
Other NC and Out of State	278	15.00%	329	15.00%	375	15.00%
Total	1,854	100.00%	2,194	100.00%	2,499	100.00%

Source: Section C, page 51.

WakeMed Garner Hospital: Endoscopy Procedures- Projected Patient Origin						
ZIP Code	1 st FFY (10/1/2026 – 9/30/2027)		2 nd FFY (10/1/2027 – 9/30/2028)		3 rd FFY (10/1/2028 – 9/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
27529	442	28.36%	522	28.17%	586	27.89%
27603	283	18.20%	334	18.02%	368	17.54%
27520	267	17.12%	312	16.82%	347	16.53%
27592	138	8.89%	160	8.63%	180	8.58%
27610	77	4.94%	96	5.18%	116	5.52%
27606	117	7.50%	152	8.18%	188	8.94%
Other NC and Out of State	234	15.00%	278	15.00%	315	15.00%
Total	1,557	100.00%	1,852	100.00%	2,100	100.00%

Source: Section C, page 51.

WakeMed Garner Hospital: Emergency Department- Projected Patient Origin						
ZIP Code	1 st FFY (10/1/2026 – 9/30/2027)		2 nd FFY (10/1/2027 – 9/30/2028)		3 rd FFY (10/1/2028 – 9/30/2029)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
27529	14,303	31.99%	13,816	30.65%	13,525	29.76%
27603	9,111	20.38%	9,080	20.15%	8,951	19.70%
27520	6,290	14.07%	6,098	13.53%	5,992	13.19%
27592	3,725	8.33%	3,606	8.00%	3,537	7.79%
27610	1,425	3.19%	1,717	3.81%	1,954	4.30%
27606	3,144	7.03%	3,992	8.86%	4,665	10.27%
Other NC and Out of State	6,705	15.00%	6,760	15.00%	6,816	15.00%
Total	44,703	100.00%	45,069	100.00%	45,439	100.00%

Source: Section C, page 50.

In Section C, page 49, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on:

- Projected outpatient patient origin is based on the number of surgical patients projected to shift from other WakeMed facilities from the service area ZIP codes.
- Projected inpatient origin is projected to align with patient origin for inpatient admissions.
- Outpatient and inpatient patient origin were then added together.

Analysis of Need

In Section C, pages 52-83, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

The applicant states on pages 52-53 that the proposed project is based on multiple factors:

- SMFP Need for Acute care and Surgical Services in Wake County (pages 54-58).
- Population and development in the WakeMed Garner Service Area (pages 58-76).
- Existing Wake County Acute Care Providers and Historical Trend in Acute Care Bed Utilization (pages 76-77).
- Existing Wake County Surgical Services Providers and Historical Trend in OR Utilization (pages 77-79).
- WakeMed Acute Care Bed Utilization and Capacity (pages 79-80).
- WakeMed Garner HealthPlex FSED (free standing emergency department (pages 80-81).
- Service Area patients admitted to WakeMed Hospitals (pages 81-82).
- Service Area Outpatient Surgery and Endoscopy patients served by WakeMed Hospitals (page 82).
- WakeMed Projected Utilization (pages 82-83).

The information is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The 2022 SMFP contains need determinations for 45 acute care beds and two ORs in Wake County.
- The applicant uses reliable and publicly available data to demonstrate the projected population growth and aging in the service area.
- The applicant provides data to support its belief that there is a need for a new hospital in Wake County, located in an area away from the seven (six existing and one approved) acute care hospitals in Wake County.

- The applicant provides reasonable and adequately supported data as well as practical reasons to support its belief that there is a need for additional WakeMed's hospital-based services in Wake County.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds and ORs in Wake County.
- The applicant provides reasonable and adequately supported data as well as practical reasons as to the need for other ancillary and support services to support the proposed acute care beds and ORs.

The information provided above adequately supports the need for the applicant to develop a new hospital in Garner, Wake County, with 31 acute care beds and two ORs by developing 9 new acute care beds and two ORs pursuant to the need determinations in the 2022 SMFP and relocating 22 acute care beds from WakeMed Raleigh Campus.

Projected Utilization

In Section Q, Forms C.1b-C.4b, pages 174-179, the applicant provides projected utilization for acute care beds, ORs, GI endo room, emergency department, CT scanner, fixed x-ray, MRI scanner (mobile), ultrasound equipment and observation beds, as illustrated in the following tables.

2022 Wake County Acute Care Bed and OR Review

Project ID #'s: J-12248-22, J-12252-22, J-12253-22, J-12258-22, J-12259-22, J-12260-22, J-12261-22, J-12263-22, J-12264-22

	1st FY 10/1/2026-9/30/2027	2nd FY 10/1/2027-9/30/2028	3rd FY 10/1/2028-9/30/2029
ACUTE Care Beds			
# of Beds	31	31	31
# of Admissions	2,092	2,483	2,879
# of Patient Days	6,275	7,448	8,637
ALOS	3.0	3.0	3.0
Occupancy Rate	55.5%	65.8%	76.3%
CT SCANNER			
# of Units	1	1	1
# of Scans	4,264	5,060	5,867
# of HECT Units	6,239	7,405	8,586
Fixed X-ray			
# of Units	3	3	3
# of Procedures	8,666	10,286	11,926
MRI Scanner			
# of Units	Mobile	Mobile	Mobile
# of Procedures	483	574	665
# of Weighted Procedures	572	679	787
Ultrasound			
# of Units	1	1	1
# of Procedures	2,436	2,891	3,352
Emergency Department			
# of Treatment Rooms	25	25	25
# of Visits	44,703	45,069	45,439
Observation Beds			
# of Beds	14	14	14
Days of Care (Patients)	6,716	6,771	6,827

WakeMed Garner Hospital: Projected OR Cases

Surgical Cases	1st FFY (10/1/2026 – 9/30/2027)	2nd FFY (10/1/2027 – 9/30/2028)	3rd FFY (10/1/2028 – 9/30/2029)
# of ORs	2	2	2
IP Cases	377	447	519
OP Cases	1,477	1,747	1,980
Total Surgical Cases	1,854	2,194	2,499

GI Endoscopy: Projected Utilization

	1st FY 10/1/2026- 9/30/2027	2nd FY 10/1/2027- 9/30/2028	3rd FY 10/1/2028- 9/30/2029
# of Rooms	1	1	1
# of Inpatient Procedures	611	726	823
# of Outpatient Procedures	946	1,126	1,276
Total GI Endo Procedures	1,557	1,852	2,100
Average # of Procedures Per Room	1.04	1.23	1.40

In Section Q, Forms C and D Utilization-Methodology and Assumptions for Projecting Utilization of WakeMed Garner Hospital Service Components and WakeMed System Utilization, pages 182-214, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Background

- WakeMed Garner is a proposed new hospital that will be part of the WakeMed health system in Wake County.
- The WakeMed health system has three existing acute care hospitals: WakeMed Raleigh Campus, WakeMed North Hospital; and WakeMed Cary Hospital.
- The three existing acute care hospitals in the WakeMed health system operate under two separate hospital licenses. WakeMed Raleigh Campus and WakeMed North Hospital are under one license and WakeMed Cary Hospital is under a separate license.
- WakeMed Garner Hospital, if approved, would be under the same license as WakeMed Raleigh Campus and WakeMed North Hospital.

Before describing the methodologies and assumptions utilized to project the utilization described in the tables above the applicant defined the service area for the proposed WakeMed Garner Hospital. (page 182).

Step #1: Proposed Inpatient Bed Utilization Assumptions: WakeMed Garner Hospital (pages 182-189).

- *Non-Tertiary Inpatient Services: Defined (page 182)
- *Historical WakeMed Inpatient Utilization form the Proposed Service Area (pages 183-184).
- *Weighted Population Growth Projections (pages 185-186).
- *Projected WakeMed System Inpatient Utilization in the Proposed Service Area- Not Including WakeMed Garner Hospital (pages 186-187).
- *Projected Shift of Inpatient Admissions to WakeMed Garner Hospital (page 188).
- *Projected WakeMed Garner Hospital Inpatient Utilization (page 189).

Step #2: WakeMed System- Inpatient Bed Utilization Assumptions (Form D.1 and Acute Care Bed Performance Standards) (pages 189-192).

- *Historical WakeMed System Inpatient Utilization (pages 189-190).
- *Projected WakeMed System Inpatient Utilization – Not Including WakeMed Garner Hospital (pages 190-191).
- *Projected WakeMed System Inpatient Utilization Including WakeMed Garner Hospital (pages 191-192).

Step #3: WakeMed Garner Hospital: Imaging Equipment Utilization Assumptions (Form C.2b and Tab C) (pages 192-194)

- *WakeMed North Inpatient Imaging Ratio (page 193).
- *WakeMed North Outpatient Imaging Ratio (page 193).
- *WakeMed Garner- Projected Imaging Volumes (page 194)
- *WakeMed Garner- Projected HECTS and Adjusted MRI Scans (page 194).

Step #4: Proposed WakeMed Garner Hospital Operating Room Utilization Assumptions (Form C.3b). [pages 194-199].

- *WakeMed System: Historical Inpatient Surgical Admissions as Percent of Total Admissions (pages 194-195).
 - Non-Tertiary Service Area Admissions Served at WakeMed Raleigh Campus (page 195).
 - WakeMed Garner Hospital: Non-Tertiary Inpatient Surgery Cases Projected to Shift to WakeMed Garner Hospital (page 195).
- *Definition of Non-Tertiary Outpatient Surgical Cases (page 195).
- *WakeMed System: Historical Outpatient Surgery Utilization form Proposed Service Area (pages 195-196).
- *Outpatient Surgery Projections Using Weighted Population Growth (page 197).
- *WakeMed System: Projected Outpatient Surgery Utilization from the Proposed Service Area-Not Including WakeMed Garner Hospital (page 197).
- *WakeMed Garner Hospital: Projected Shift of Outpatient Surgery Cases in the Proposed Service Area to WakeMed Garner Hospital (page 198).
- *WakeMed Garner Hospital: Projected Outpatient Surgery Utilization (page 199).
- *WakeMed Garner Hospital: Projected Surgical Minutes for WakeMed Garner Hospital (page 199).
- *WakeMed Garner Hospital: Projected OR Need (page 199).

Step #5: WakeMed System: Operating Room Utilization Assumptions (Operating Room Performance Standards) (pages 201-205).

- *WakeMed System: Licensed, Approved, and Proposed OR Inventory (page 201).
- *WakeMed System: Historical Utilization of WakeMed ORs (page 202).
- *WakeMed System: Projected OR Utilization – Not Including WakeMed Garner Hospital (page 203).
- *Projected Surgery Volume Shifted to Approved ASFs (page 204).

*WakeMed System: Projected Total System OR Utilization including WakeMed Garner Hospital. (pages 204-205).

Step #6: WakeMed Garner Hospital: GI Endoscopy Room Utilization Assumptions (Form C.3b). [pages 205-209]

*WakeMed Facilities: Historical Service Area Utilization (pages 205-206).

*Weighted Population Growth Projections (page 207).

*WakeMed Facilities: Projected Service Area Utilization (page 207).

*WakeMed Garner Hospital: Projected Shift of GI Endoscopy Procedures to WakeMed Garner Hospital (page 208).

*WakeMed Garner Hospital: Projected Total GI Endoscopy Utilization (page 209).

Step #7: WakeMed System GI Endoscopy Room Utilization Assumptions (Endoscopy Room Performance Standards) (pages 209-212).

*WakeMed System: Licensed and Proposed Endoscopy Procedure Room Inventory (page 209).

*WakeMed System: Historical Utilization of WakeMed GI endoscopy Procedure Rooms. (page 210).

*WakeMed System: Projected GI Endoscopy Room Utilization- Not Including WakeMed Garner Hospital (pages 210-211).

*WakeMed System: Projected GI Endoscopy Room Utilization- Including WakeMed Garner Hospital (page 211).

*WakeMed Garner Hospital Projected GI Endoscopy Room Procedures (page 211).

Step #8: Procedure Room Utilization [page 212]

*Historical Procedure Room Utilization-WakeMed Cary (page 212).

*WakeMed Garner- Projected Hospital Procedure Room Utilization (page 212).

Step#9: WakeMed Garner Hospital ED and Garner Healthplex ED Utilization Assumptions (From C.4b and Form D.4). [page 213]

*WakeMed Garner Healthplex ED Utilization: Historical and Interim (page 213)

*WakeMed Garner Hospital ED Utilization: Projected (page 213).

Step #10: WakeMed Garner Hospital Observation Bed Assumptions (Form C.4b) (page 214)

*WakeMed Cary ED and Observation Patients- FY2021: Historical (page 214).

*WakeMed Garner: Projected Observation Patients and Beds (page 214)

Step #11: Other Hospital and Ancillary Support Services (page 214).

Three of the proposed services: acute care beds, ORs and the GI endoscopy room are required, by Rule, to adhere to performance standards. As shown in the tables below, each meets the required performance standards.

Acute Care Beds

WakeMed Health System Acute Care Beds: Historic and Interim

	Historical	Historical (Annualized)	Interim
	10/1/2020-9/30/2021	10/1/2021-9/30/2022*	10/1/2022-9/30/2023
ACUTE Care Beds			
# of Beds (Licensed)	836	836	855
# of Admissions	53,652	54,573	55,122
# of Patient Days	253,552	250,289	252,810
ALOS	4.7	4.6	4.6
ADC	695	686	692.6
Occupancy Rate	83.1%	82.0%	81.0%

Might not foot due to rounding.

*Annualized based on internal data through April.

ADC = Patient Days/365.

Occupancy Rate = ADC/# of Beds.

WakeMed Health System Acute Care Beds: Historic and Interim

	Interim	Interim	Interim
	10/1/2023-9/30/2024	10/1/2024-9/30/2025	10/1/2025-9/30/2026
ACUTE Care Beds			
# of Beds	872	872	872
# of Admissions*	55,678	56,238	56,805
# of Patient Days	255,357	257,929	260,528
ALOS	4.6	4.6	4.6
ADC	699.6	706.7	713.8
Occupancy Rate	80.2%	81.0%	81.9%

WakeMed Health System Acute Care Beds: Projected

	1 st FY	2 nd FY	3 rd FY
	10/1/2023-9/30/2024	10/1/2024-9/30/2025	10/1/2025-9/30/2026
ACUTE Care Beds			
# of Beds	881	881	881
# of Admissions*	57,691	58,328	58,971
# of Patient Days	260,574	262,762	264,962
ALOS	4.6	4.6	4.6
ADC	713.9	719.9	725.9
Occupancy Rate	81.0%	81.7%	82.4%
% Occupancy Required by Performance Standard Rule			75.2%

*Does not include NICU services

Operating Rooms

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP. Health system is defined in 10ANCAC 14C .2101 and in Chapter 6 Operating Rooms, page 49 of the 2022 SMFP.

There are six facilities (existing or approved) in the WakeMed Health System in Wake County with existing or approved ORs. The WakeMed Health System has a total of 42 ORs in the adjusted planning inventory.

WakeMed Health System Facilities with Existing/Approved ORs

	Adjusted Planning Inventory
WakeMed Surgery Center-Cary	1
WakeMed Surgery Center-North Raleigh	1
Capital City Surgery Center	7
WakeMed Raleigh Campus	19
WakeMed North Hospital	4
WakeMed Cary Hospital	10
WakeMed System Total	42

Source: 2023 SMFP, Table 6B.

As shown in the tables below, the applicant demonstrates the need for all existing approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion.

WakeMed Garner Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	377	447	519
B	Inpatient Surgical Case Times (in Minutes)	132.44	132.44	132.44
C	Inpatient Surgical Hours	832	987	1,146
D	Outpatient Surgical Cases	1,477	1,747	1,980
E	Outpatient Surgical Case Times (in Minutes)	96.96	96.96	96.96
F	Outpatient Surgical Hours	2,387	2,823	3,200
G	Total Surgical Cases (Row A + Row D)	1,854	2,194	2,499
H	Total Surgical Hours (Row C + Row F)	3,219	3,810	4,346
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	1.65	1.95	2.23
L	Existing and Approved ORs**	0	0	0
M	OR Surplus/ (Deficit)*	(1.65)	(1.95)	(2.23)
N	ORs Applied for in this Application	2	2	2

Source: Section Q, Form C., page 178.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed Garner Hospital is currently approved for.

WakeMed Raleigh Campus: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	7,609	7,641	7,671
B	Inpatient Surgical Case Times (in Minutes)	188.87	188.87	188.87
C	Inpatient Surgical Hours	23,952	24,053	24,147
D	Outpatient Surgical Cases	10,770	10,712	10,713
E	Outpatient Surgical Case Times (in Minutes)	140.26	140.26	140.26
F	Outpatient Surgical Hours	25,177	25,041	25,043
G	Total Surgical Cases (Row A + Row D)	18,379	18,353	18,384
H	Total Surgical Hours (Row C + Row F)	49,130	49,092	49,189
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	25.19	25.18	25.23
L	Existing and Approved ORs**	19	19	19
M	OR Surplus/ (Deficit)*	(6.19)	(6.18)	(6.22)
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed Raleigh Campus is currently approved for.

WakeMed North Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	625	630	635
B	Inpatient Surgical Case Times (in Minutes)	152.96	152.96	152.96
C	Inpatient Surgical Hours	1,593	1,606	1,619
D	Outpatient Surgical Cases	2,776	2,794	2,808
E	Outpatient Surgical Case Times (in Minutes)	127.58	127.58	127.58
F	Outpatient Surgical Hours	5,903	5,941	5,971
G	Total Surgical Cases (Row A + Row D)	3,401	3,424	3,443
H	Total Surgical Hours (Row C + Row F)	7,495	7,547	7,591
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	3.84	3.87	3.89
L	Existing and Approved ORs**	4	4	4
M	OR Surplus/ (Deficit)*	0.16	0.13	0.11
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed North Hospital is currently approved for.

WakeMed Cary Hospital: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	2,601	2,557	2,521
B	Inpatient Surgical Case Times (in Minutes)	150.0	150.0	150.0
C	Inpatient Surgical Hours	6,503	6,393	6,303
D	Outpatient Surgical Cases	6,130	6,151	6,151
E	Outpatient Surgical Case Times (in Minutes)	107.0	107.0	107.0
F	Outpatient Surgical Hours	10,932	10,969	10,969
G	Total Surgical Cases (Row A + Row D)	8,731	8,708	8,672
H	Total Surgical Hours (Row C + Row F)	17,433	17,363	17,272
I	Group Assignment	4	4	4
J	Standard Hours per OR per Year	1,500	1,500	1,500
K	Number of ORs Needed* (Row H / Row J)	11.62	11.58	11.51
L	Existing and Approved ORs**	10	10	10
M	OR Surplus/ (Deficit)*	(1.62)	(1.58)	(1.51)
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed Cary Hospital is currently approved for.

WakeMed Surgery Center-Cary: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,594	1,562	1,578
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	1,862	1,825	1,844
G	Total Surgical Cases (Row A + Row D)	1,594	1,562	1,578
H	Total Surgical Hours (Row C + Row F)	1,862	1,825	1,844
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.42	1.39	1.41
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.42)	(0.39)	(0.41)
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed Surgery Center-Cary is currently approved for.

WakeMed Surgery Center-North Raleigh: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	1,839	1,858	1,877
E	Outpatient Surgical Case Times (in Minutes)	70.1	70.1	70.1
F	Outpatient Surgical Hours	2,149	2,171	2,193
G	Total Surgical Cases (Row A + Row D)	1,839	1,858	1,877
H	Total Surgical Hours (Row C + Row F)	2,149	2,171	2,193
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.64	1.65	1.67
L	Existing and Approved ORs**	1	1	1
M	OR Surplus/ (Deficit)*	(0.64)	(0.65)	(0.67)
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs WakeMed Surgery Center-North Raleigh is currently approved for.

Capital City Surgery Center: Projected OR Utilization

Row	Operating Rooms	Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
A	Inpatient Surgical Cases	0	0	0
B	Inpatient Surgical Case Times (in Minutes)	0	0	0
C	Inpatient Surgical Hours	0	0	0
D	Outpatient Surgical Cases	9,530	9,626	9,723
E	Outpatient Surgical Case Times (in Minutes)	61.0	61.0	61.0
F	Outpatient Surgical Hours	9,688	9,786	9,885
G	Total Surgical Cases (Row A + Row D)	9,530	9,626	9,723
H	Total Surgical Hours (Row C + Row F)	9,688	9,786	9,885
I	Group Assignment	6	6	6
J	Standard Hours per OR per Year	1,312	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	7.38	7.46	7.53
L	Existing and Approved ORs**	7	7	7
M	OR Surplus/ (Deficit)*	(0.38)	(0.46)	(0.53)
N	ORs Applied for in this Application	0	0	0

Source: Section C, pages 104-105.

Note: Totals might not foot due to rounding.

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

**Number of ORs Capital City Surgery Center is currently approved for.

Pursuant to 10A NCAC 14C .2103(a), the applicant must demonstrate the need for all existing, approved, and proposed ORs in the health system at the end of the third full fiscal year following project completion, using the Operating Room Need Methodology in the 2022 SMFP.

WakeMed Facilities with ORs		Year 1 FFY2027	Year 2 FFY2028	Year 3 FFY2029
WakeMed Raleigh Campus	OR Surplus/ (Deficit)*	(6.19)	(6.18)	(6.22)
WakeMed North Hospital	OR Surplus/ (Deficit)*	0.16	0.13	0.11
WakeMed Cary Hospital	OR Surplus/ (Deficit)*	(1.62)	(1.58)	(1.51)
WakeMed Surgery Center-Cary	OR Surplus/ (Deficit)*	(0.42)	(0.39)	(0.41)
WakeMed Surgery Center-North Raleigh	OR Surplus/ (Deficit)*	(0.64)	(0.65)	(0.67)
Capital City Surgery Center	OR Surplus/ (Deficit)*	(0.38)	(0.46)	(0.53)
SUB-TOTAL	OR Surplus/ (Deficit)*	(9.09)	(9.13)	(9.23)
WakeMed Garner Hospital	Proposed Project- 2 New ORs	2.0	2.0	2.0
TOTAL after Project Completion	OR Surplus/ (Deficit)*	(7.09)	(7.13)	(7.23)

*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2022 SMFP, page 54.

As shown in the tables above, the applicant demonstrates the need both for all existing approved, and proposed ORs in the WakeMed Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at WakeMed Garner Hospital.

GI Endoscopy Room

WakeMed Health System GI ENDO ROOMS: Projected Utilization

	1 st FY2027	2 nd FY2028	3 rd FY2029
WakeMed Raleigh Campus			
# of Rooms	4	4	4
# of Procedures	8,360	8,377	8,463
WakeMed North Campus			
# of Rooms	2	2	2
# of Procedures	2,955	3,015	3,069
WakeMed Cary Hospital			
# of Rooms	4	4	4
# of Procedures	4,149	4,220	4,277
WakeMed Garner Hospital			
# of Rooms	1	1	1
# of Procedures	1,557	1,852	2,100
Total # of Procedures	17,021	17,464	17,908
Total # of Rooms	11	11	11
Average # of Procedures Per Room	1,547	1,587	1,628
# of Procedures Per Room Per Performance Standard	1,500	1,500	1,500

Source: Tables on pages 107-108 of the application.

The applicant’s projected utilization for all the GI endoscopy rooms in the WakeMed Health System (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3903.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- Population and development in the WakeMed Garner Service Area.
- Historic utilization of WakeMed Garner HealthPlex FSED.
- The applicant uses reliable and publicly available data to demonstrate the projected population growth and aging in the service area.
- The applicant provides data to support its belief that there is a need for a new hospital in Wake County, located in an area away from the seven (six existing and one approved) acute care hospitals in Wake County.

- The applicant provides reasonable and adequately supported data as well as practical reasons to support its belief that there is a need for additional WakeMed's hospital-based services in Wake County.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds and ORs in Wake County.
- The free standing emergency department (FSED) at the WakeMed Health Plex, which is projected to relocate to WakeMed Garner Hospital and is located only 0.6 miles from the site of the proposed hospital had 32,743 visits in FY2021, the last full year with historical data. The FSED averaged over 30,000 visits per year from FY2018 – FY2021.
- The applicant provides reasonable and adequately supported data, and uses reasonable methodologies and assumptions, as well as practical reasons, to demonstrate both the projected utilization and the need for the acute care beds, ORs, GI endoscopy room and the other ancillary and support services (including but not limited to observation beds, CT scanner, mobile MRI, ultrasound, X-ray and 25 treatment room/bay emergency department) to support the proposed acute care beds and ORs.

Acute Care Beds

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County acute care bed service area.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant projected inpatient utilization based on historic utilization for the WakeMed Health System grown at 1.01% based on the projected weighted population growth from Claritas Spotlight.
- The applicant identified the proposed service area and then identified the non-tertiary admissions appropriate for WakeMed Garner Hospital. The applicant then projected a shift of a percentage of its non-tertiary patients from the service area to WakeMed Garner Hospital. The percentage of shift was based on drive time to the proposed new hospital.
- In addition to the shift from the service area the applicant projected a 15% in-migration of patients from outside the defined service area.
- The applicant then projected utilization in each of the facilities in the WakeMed Health System with acute care beds both prior to the shift and after the shift.
- The project analyst notes that in project year three the WakeMed Health System will have 881 acute care beds. Based on historic inpatient data for the WakeMed Health System in FY2021 (the last full historical year) and based on 881 acute care beds in FY2021, the WakeMed Health System met the performance standard promulgated in 10A NCAC 14C .3803(a) based on FY2021 patient days. [Patient Days for FY2021 was 253,552. $253,552/365 \text{ days} = 694.6 \text{ ADC}$. $694.6 \text{ ADC} / 881 \text{ Beds} = 78.85\%$ occupancy rate. Performance Standard for the WakeMed Health System is 75.2%.]
- In the 2023 SMFP, the WakeMed Health System shows a projected acute care bed deficit of 57 acute care beds, which is greater than the 9 new acute care beds sought to be developed in this application.

- The applicant's projected utilization for all the acute care beds (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3803(a).

Operating Rooms

- There is a need determination for two ORs in Wake County in the 2022 SMFP. The applicant is applying to develop both the ORs in Wake County in accordance with the OR need determination in the 2022 SMFP.
- The applicant relies on its historical utilization in projecting future utilization at its Wake County facilities.
- The applicant provided the methodology and assumptions for inpatient and outpatient surgical cases at WakeMed Garner Hospital which were reasonable and supported.
- In addition to basing inpatient and outpatient surgical cases on inpatient's that shifted to WakeMed Garner Hospital from other WakeMed acute care hospitals the applicant also projected an 15% in-migration of inpatients which also factored into the inpatient and outpatient surgical case projections.
- The applicant projected surgical cases based on historical data projected forward at a reasonable growth rate.
- In FY2022 (annualized), the most recent year based on historical data, the WakeMed Health System total 41,981 OR cases (inpatient and outpatient). The WakeMed Health System projects a total of 46,186 in FY2029 (the 3rd year after project completion). The CAGR for WakeMed Health System OR cases for that period is 1.37%. This is reasonable based on projected population growth and aging of the population of Wake County.
- In addition, in the 2023 SMFP, which is based on the most recently available data (through 9/30/2021) from the LRAs, the WakeMed Health System shows a deficit of 3.33 ORs. This is greater than the two ORs sought to be developed in this project.
- The applicant demonstrates the need both for all existing approved, and proposed ORs in the WakeMed Health System in Wake County at the end of the third full fiscal year following project completion and for the need for the proposed two ORs at WakeMed Garner Hospital.
- The applicant's projected utilization meets the performance standard promulgated in 10A NCAC 14C .2103(a).

GI Endoscopy Room

- The applicant based projected GI endoscopy cases based on historical data projected forward at a reasonable growth rates.
- The applicant's projected utilization for all the GI endoscopy rooms in the WakeMed Health System (existing, approved and proposed) meets the performance standard promulgated in 10A NCAC 14C .3903.

Access to Medically Underserved Groups

In Section C.6, page 89, the applicant states,

“WakeMed ensures access to health care services for all patients, regardless of income, payer, status, gender, race, ethnicity, or physical handicap.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	10.2%
Racial and ethnic minorities	57.7%
Women	53.2%
Persons with Disabilities*	na
The elderly	11.7%
Medicare beneficiaries	34.2%
Medicaid recipients	18.7%

Source: Table on page 99 of the application.

*WakeMed, as it relates to surgical services, does not track persons with disabilities as a category in any data set.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

- (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, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

KM Surgery Center
Oakview ASC, LLC
Triangle Vascular Care
UNC REX (Beds)
UNC REX Holly Springs
UNC REX (ORs)
Duke Green Level ASC
Duke Raleigh Hospital

C

WakeMed Garner Hospital

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

The proposed project involves the relocation of two Agency approved services to the proposed WakeMed Garner Hospital:

- #1) The free standing emergency department (FSED) at the WakeMed Garner Healthplex; and
- #2) Twenty-two licensed Acute Care beds from the WakeMed Raleigh Campus.

Both the FSED and the 22 AC beds are under the WakeMed Raleigh Hospital license. If approved, the WakeMed Garner Hospital would also operate under the WakeMed Raleigh Hospital license. Therefore, both the FSED and the 22 AC beds would remain under the same hospital license.

In Section D, the applicant explains why it believes the needs of the population presently utilizing the services of the emergency department to be relocated will be adequately met following completion of the project. On pages 111-113, the applicant states:

FSED

The FSED is currently located at the WakeMed Garner Healthplex

The FSED currently has over 30,000 annual visits per year.

The American College of Emergency Physicians has set a standard of 1,500 annual visits per room. The FSED has 12 treatment rooms/bays which currently equates to over 2,500 annual visits per room, well in excess of the recommended standard.

The applicant, as part of the project, proposes to relocate the FSED to WakeMed Garner Hospital which is proposed to be located approximately 0.6 miles from the WakeMed Garner Healthplex.

The emergency room, as part of the 31 acute care bed hospital, would be expanded from 12 treatment rooms/bays to 24 treatment rooms/bays and a resuscitation room.

The information is reasonable and adequately supported based on the following:

- The FSED would be relocated only a little more than a half-mile from its current location.
- The emergency department would be part of a 31 acute care bed hospital.
- The number of emergency department treatment rooms/bays would double from 12 to 24 plus a resuscitation room.

In Section Q, Forms C.4b, and D.4, pages 179 and 181 respectively, the applicant provides projected utilization, as illustrated in the following tables.

Free Standing Emergency Department at WakeMed Garner Healthplex

	Last Full	Annualized Full	Interim	Interim	Interim	Interim
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
# of Treatment Rooms	12	12	12	12	12	12
# of Visits	32,743	36,152	37,225	38,225	39,467	40,639
# of Visits per Room	2,729	3,013	3,102	3,185	3,289	3,387

FY is 10/1/___ to 9/30/___.

WakeMed Garner Hospital: Emergency Department

	OY1	OY2	OY3
	FY2027	FY2028	FY2029
# of Treatment Rooms	25	25	25
# of Visits	44,703	45,069	45,439
# of Visits per Room	1,788	1,803	1,818

FY is 10/1/___ to 9/30/___.

In Section Q, page 213, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- Starting with historical utilization the applicant projected utilization based on a weighted average of the service area population growth of 2.97%.
- The applicant relied on the ACEP planning guidelines for an Emergency Department of 1,500 annual visits per room. In FY2022 the number of annual visits per room was 3,013.
- The applicant projected that upon project completion the FSED volume would shift in its entirety to the Emergency Department at WakeMed Garner Hospital.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant projected utilization by growing historical volume at a reasonable growth rate of 2.97% which represents the weighted average of the service area population.
- The FSED is being relocated from a Healthplex to a 31 acute care bed hospital within the same health system and will continue to operate under the same hospital license.
- The new hospital is only approximately 0.6 miles from the current location of the FSED and the new Emergency Department will have double the number of treatment rooms/bays.

Acute Care Beds (22 AC beds being relocated from WakeMed Raleigh Campus to WakeMed Garner Hospital)

In Section D, the applicant explains why it believes the needs of the population presently utilizing the services of the emergency department to be relocated will be adequately met following completion of the project. On pages 111-113, the applicant states:

- The applicant proposes to relocate 22 acute care beds from the WakeMed Raleigh Campus to WakeMed Garner Hospital.
- The 22 acute care beds consist of 19 semi-private medical/surgical beds and three obstetrics LDRP beds.
- In FY2021 WakeMed Raleigh Campus served almost 9,500 inpatients from the service area of the proposed WakeMed Garner Hospital.
- Creating a new access point to these acute care beds in Garner will bring these beds closer to where existing patients reside.
- The 19 semi-private beds that will be converted to private rooms often cannot be used for semi-private purposes due to patient variances such as age, condition and gender. These beds are planned to be developed as private rooms in WakeMed Garner Hospital which will increase their use and reduce constraints on the beds.

- The three obstetrics LDRP beds to be relocated will allow these beds to be better utilized at WakeMed Garner Hospital and there will be 47 post-partum beds remaining at WakeMed Raleigh Campus. Furthermore, the OB beds at WakeMed Raleigh have not been as highly utilized in recent years. Relocating these three beds to be med/surg beds on the WakeMed Garner Hospital campus will increase access in terms of both location and capacity.

The information is reasonable and adequately supported based on the following:

- Relocating the 22 acute care beds to WakeMed Garner Hospital will bring these beds closer to where existing patients reside, thus increasing access, as in FY2021 WakeMed Raleigh Campus served almost 9,500 inpatients from the service area of the proposed WakeMed Garner Hospital.
- The relocation of the 19 semi-private beds to WakeMed Garner Hospital to be developed in private rooms will increase access by eliminating constraints, such as patient condition, gender, age, of placing patients in semi-private rooms.
- Relocating the three obstetrics LDRP beds and developing them as med/surg beds will increase access as the applicant states that these beds were currently underutilized in the OB department.
- As shown in the table below, the 22 acute care beds are relocated from WakeMed Raleigh Campus in FY2027, the first full project year after project completion. In FY2027 the acute care bed occupancy rate was 83.38% and increase of only 0.44% from FY2028.

In Section Q, Form D.1, page 180, the applicant provides projected utilization, as illustrated in the following tables.

WakeMed Raleigh Campus: Acute Care Beds

	Last Full	Annualized Full	Interim	Interim
	FY2021	FY2022	FY2023	FY2024
# of Beds*	587	587	587	587
# of Patient Days	182,787	170,719	172,439	174,176
ADC**	500.8	467.7	472.4	477.2
Occupancy Rate	85.32%	79.67%	80.47%	81.29%

FY is 10/1/___ to 9/30/___.

*Existing and approved acute care beds.

**ADC is the # of patient days/365.

WakeMed Raleigh Campus: Acute Care Beds

	Interim	Interim	OY1
	FY2025	FY2026	FY2027
# of Beds*	587	587	565
# of Patient Days	175,930	177,702	171,950
ADC**	482.0	486.9	471.1

Occupancy Rate	82.11%	82.94%	83.38%
----------------	--------	--------	--------

FY is 10/1/___ to 9/30/___.

*Existing and approved acute care beds.

**ADC is the # of patient days/365.

In Section Q, the applicant provides the assumptions and methodology used to project utilization. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Access to Medically Underserved Groups

In Section D, page 112, the applicant states.

“The relocation of the emergency department from Garner Healthplex to Garner Hospital will have a positive effect on the access of each group listed to ED services in the service are through an overall planned increase in ED treatment capacity. The relocation of underutilized beds (semi-private and post-partum) from WakeMed Raleigh campus to create private, med/surg capacity at WakeMed Garner will also expand capacity and geographic access to identified groups above.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use the emergency department and the acute care beds will be adequately met following completion of the project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency (

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

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

C
All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

In Section E.2, page 68, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Construct a new building for the ambulatory surgery facility
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo would not address the need determination for another OR in Wake County. Further, maintaining the status quo is less effective in that need for local community physicians to easily secure operating time would not be addressed.
- Constructing a new building for the ASF, including the purchase of land, is too capital intensive and therefore is a less effective and more costly alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

In Section E.2, pages 92-96, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop the project with a different number of ORs
- Develop a multi-specialty ASC
- Develop the proposed project at an alternative location within the service area
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo would not address the need to improve quality outcomes and patient experience, will not address scheduling deficiencies and constraints, and will not reduce the cost of ophthalmic surgery for patients and health plans. Therefore, this is a less effective alternative.
- Developing the project with two ORs instead of one OR and one procedure room was determined to be less efficient and a less effective use of resources.
- Developing a multi-specialty ASC was determined to be a less effective alternative due to staffing inefficiencies, having to move surgical equipment in and out of the OR to accommodate different surgeries, increased turnaround between cases, increased variation in surgical procedure times, increased administrative challenges and more managerial oversight.
- Developing the proposed ambulatory surgery center at an alternative site was determined to be less effective because of traffic corridors, proximity to a large concentration of residents 65+ in age, visibility, and proximity to other medical offices.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

In Section E.2, pages 76-78, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Expand the existing office-based vascular center
- Develop a multi-specialty ASF
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintain the status quo is a less effective alternative as most ESRD vascular access and non-ESRD vascular treatment procedures are performed in an office setting whereas an ASF offers a more regulated outpatient setting, allow optimal clinic outcomes and care and provide more dedicated/specialized providers. Further, with respect to these same vascular access procedures being performed in a hospital setting an ASF setting is less costly than a hospital setting.
- Expand the existing office-based vascular center is a less effective alternative as Medicare is the primary payor for ESRD patient services and since 2017 Medicare both pays less for vascular access services in an office setting and, in addition, has reduced Medicare payment for these types of procedures and thus office costs are not being covered. Further, as ESRD cases increase an office setting is less able to handle this increased case load and the increasing complexity of the procedures.
- Develop a multi-specialty ASF is less effective as data demonstrates that patients who receive dialysis vascular access care in a dedicated ESRD-focused facility have better outcomes, including lower costs than patients who receive care at either a hospital or a multi-specialty facility, lower mortality rates, fewer hospitalizations, and fewer infections. In addition, unlike most outpatient surgery patients who have one-time cases scheduled in advance, ESRD patients are chronic and are repeat users of vascular access procedures and often need semi-urgent same day service which lends itself to a dedicated facility being the more efficient option.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

In Section E.2, pages 76-77, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different number of acute care beds at UNC REX Hospital
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is a less effective alternative that would not address the current and projected needs of the patient population at UNC REX Hospital as UNC REX Hospital is operating at high occupancy levels resulting in patient wait times for beds and operational inefficiencies and the population of Raleigh and Wake County is projected to grow.
- Developing a different number of acute care beds at UNC REX Hospital is a less effective alternative as developing fewer than 36 new AC beds would not allow UNC REX Hospital to meet both current and projected demand while developing more than 36 beds would not permit the development of additional AC bed capacity at UNC REX Holly Springs Hospital as proposed in a concurrent application filed by UNC REX to develop 9 AC beds at UNC REX Holly Springs Hospital. In addition, it would be cost effective to develop the 36 AC beds at UNC REX Hospital as the 36 AC beds can be developed in existing space.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

In Section E.2, pages 73-74, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different number of acute care beds at UNC REX Hospital
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is a less effective alternative as it would not address the projected patient demand for AC bed services.
- Develop a different number of acute care beds at UNC REX Holly Springs Hospital is a less effective alternative as developing fewer than 9 new AC beds would not allow UNC REX Holly Springs Hospital to meet both current and projected demand for additional capacity while developing more than 9 AC beds would not permit the development of additional AC bed capacity at UNC REX Hospital as proposed in a concurrent application filed by UNC REX to develop 36 AC beds at UNC REX Hospital. In addition, it would cost effective to develop the 9 AC beds at UNC REX Holly Springs Hospital as the 9 AC beds can be developed in existing space.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

In Section E.2, pages 77-78, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different number of ORs
- Develop the ORs in a different location
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is a less effective alternative in that it would not address the need in the 2022 SMFP for 2 new ORs in Wake County. In addition, UNC REX Hospital operated at 106 percent capacity in FFY2021, and the population of Wake County is projected to continue to grow. Maintaining the status quo would not allow UNC REX Hospital to meet the current and projected patient demands for surgical services.
- Develop a different number of ORs is a less effective alternative as there is additional OR capacity need at UNC REX Hospital beyond the previously approved and currently proposed projects. Developing fewer ORs would not meet the need for hospital-based OR capacity.
- Develop the ORs in a different location is a less effective alternative as UNC REX believes there is a need for additional hospital based ORs in Wake County. UNC has only two hospital locations in Wake County, UNC REX Hospital and UNC REX Holly Springs Hospital. UNC REX believes that the three ORs at UNC REX Holly Springs Hospital combined with the recently approved C-Section room provides sufficient OR capacity at UNC REX Holly Springs Hospital. Therefore, UNC REX Hospital is the best and most effective alternative for hospital based ORs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID#J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID# J-11557-18.

In Section E.2, pages 72-75, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

The alternatives considered were:

- Maintain the status quo
- Develop incremental hospital based-ORs at DRAH
- Develop all proposed ORs at a different DUHS ASC
- Develop new ASC in another geographic location
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is a less effective alternative since it would not address the growing demand for outpatient surgery at DRAH and the need for additional ORs in Wake County per the OR need determination in the 2022 SMFP.
- Develop incremental hospital based-ORs at DRAH is a less effective alternative as based on its surgical mix of patients DUHS determined that patients would benefit more from expanded OR capacity in DUHS ASC settings. In addition, DUHS determined that patients could receive the same high quality surgical services at a lower cost at an ASC when compared to hospital charges for the same service.
- Develop all proposed ORs at a different DUHS ASC is a less effective alternative at this time as DUHS anticipates a greater level of ambulatory surgical cases will switch to the Green Level site as it is a Duke Health regional site offering comprehensive ambulatory services in Wake County as compared to other DUHS approved ASCs in Wake County.

- Develop a new ASC in another geographic location is a less effective alternative as DUHS determined that there was no geographic location superior to Green Level based on population need, including access to existing services and growth, and that Green Level will be a Duke Health Regional Site offering comprehensive ambulatory services and complimentary services and specialties to the ambulatory care.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

In Section E.2, pages 58-59, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop incremental acute care beds at Duke Green Level Hospital
- Construct a new acute care hospital in Wake County in another geographic location
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is a less effective alternative as it does not address patient need for acute care bed capacity at DRAH. Currently, high utilization and lack of additional acute care bed capacity is negatively impacting DRAH's ability to ensure both inpatient access and emergency room access.

- Develop incremental acute care beds at Duke Green Level Hospital is a less effective alternative as it would not timely address acute care bed need in Wake County as demonstrated in the 2022 SMFP. The 2022 SMFP forecasts need as of 2024 and Duke Green Level Hospital is not expected to be operational until FY2027.
- Construct a new acute care hospital in Wake County in another geographic location is both a more costly alternative as it would require new construction and less effective alternative as it would not timely address acute care bed need in Wake County as demonstrated in the 2022 SMFP. The 2022 SMFP forecasts need as of 2024 and the completion of a new acute care hospital in Wake County would reasonably be expected to be a few years beyond 2024. The proposed project would develop the AC beds in existing observation bed space at DRAH saving both time and capital.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

In Section E.2, pages 116-119, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Add ORs and Acute Care Beds at an Existing WakeMed System Hospital Location
- Develop a hospital on the WakeMed Garner Healthplex location
- Develop 45 Acute Care Beds
- Develop the project as proposed

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- Maintaining the status quo is not the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed Raleigh nor would it address the fact that there are not existing or approved hospitals in southeastern Wake County, a rapidly growing area, and the difficulty patients have in both traveling from southeastern Wake County for hospital services as well as having to navigate overcrowded hospital campuses.
- Add ORs and Acute Care Beds at an Existing WakeMed System Hospital Location is a less effective alternative as it would not address geographic access issues for residents of Garner and surrounding areas in the south/southeastern area of Wake County.
- Develop a hospital on the WakeMed Garner Healthplex location is a less effective alternative as the site is too small to support a full-service hospital and accompanying parking.
- Develop 45 Acute Care Beds is a less effective alternative as this would not allow for any other hospital or hospital system to add beds, WakeMed has approved acute care beds at both WakeMed Raleigh and WakeMed North that are not yet developed and some of its acute care beds at WakeMed Raleigh could be used more efficiently.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (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
All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$4,932,771
Miscellaneous Costs	\$5,639,171
Total	\$10,571,942

In Section Q, Form F.1a and in Exhibit F.1 (Tab 5), the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 72, the applicant projects that start-up costs will be \$439,618 and initial operating expenses will be \$1,000,000 for a total working capital of \$1,439,618. On pages 72-73, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F.2, page 70, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	KM Surgery Center, LLC	Total
Loans	\$9,876,942	\$9,876,942
Accumulated reserves or OE *	\$	\$
Bonds	\$	\$
Other (Lessor Upfit Allowance of \$50 per sq ft.)	\$695,000	\$695,000
Total Financing	\$10,571,942	\$10,571,942

* OE = Owner's Equity

In Section F.3, page 74, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$1,439,618
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$
Lines of credit	\$
Bonds	\$
Total *	\$1,439,618

Exhibit F.2 (Tab 6) contains a letter dated August 8, 2022, from a Private Wealth Advisor for Wells Fargo-The Private Bank committing to a loan in the amount of \$9,876,942 to KM Surgery Center, LLC for the proposed project. Exhibit F.2 also contains a letter date August 2, 2022, from a member of KM Surgery Center, LLC committing and obligating KM Surgery Center, LLC to use the commercial loan from Wells Fargo-The Private Bank to cover the capital costs of developing the proposed project.

Exhibit F.3 (Tab 7) contains a letter dated August 8, 2022, from a Private Wealth Advisor for Wells Fargo-The Private Bank committing to a line of credit up to \$1.5 million for the projected working capital costs of the proposed project. Exhibit F.3 also contains a letter date August 2, 2022, from a member of KM Surgery Center, LLC committing and obligating KM Surgery Center, LLC to use the line of credit from Wells Fargo-The Private Bank to cover the working capital costs of developing the proposed project.

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 three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

KM Surgery Center: Entire Facility

	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
Total Cases*	2,984	3,533	4,083
Total Gross Revenues (Charges)	\$16,676,039	\$20,482,962	\$24,503,292
Total Net Revenue	\$4,814,589	\$5,913,696	\$7,074,418
Average Net Revenue per Case	\$1,613	\$1,674	\$1,734
Total Operating Expenses (Costs)	\$4,619,966	\$4,890,189	\$5,076,781
Average Operating Expense per Case	\$1,548	\$1,384	\$1,243
Net Income	\$194,622	\$1,023,508	\$1,997,637

*Cases equals both OR cases and Procedure Room Cases from Form C.3b.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and

charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 157 the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$4,099,997
Miscellaneous Costs	\$2,214,173
Total	\$6,314,170

In Section Q, Form F.1a, pages 157-159, and in Exhibit K-3, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 99, the applicant projects that start-up costs will be (-\$293,170) and initial operating expenses will be \$697,678 for a total working capital of \$404,508. On pages 99-101, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F.2, page 97, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Oakview ASC, LLC	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$6,314,170	\$6,314,170
Bonds	\$	\$
Other	\$	\$
Total Financing	\$6,314,170	\$6,314,170

* OE = Owner's Equity

In Section F.3, page 101, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$404,508
Lines of credit	\$
Bonds	\$
Total *	\$404,508

Exhibit F-2.1 contains a letter dated August 4, 2022, from the President of US Eye stating that Oakview ASC, LLC is wholly owned by US Eye, LLC (US Eye) and that US Eye is committing \$7,000,000 to Oakview ASC, LLC to cover the projected capital costs and working capital costs to develop the proposed project and committing Oakview ASC, LLC to use the funds from US Eye for the proposed project. Exhibit F-2.2 contains a letter dated August 4, 2022, from the Senior Vice President of Truist Bank confirming that US Eye has an operating account at Truist with sufficient funds to cover the stated \$7.0 million US Eye is providing to Oakview ASC, LLC to develop the proposed project.

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 three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Oakview ASC, LLC: Operating Rooms

	1st Full Fiscal Year (CY2025)	2nd Full Fiscal Year (CY2026)	3rd Full Fiscal Year (CY2027)
Total Surgical Cases*	2,260	2,374	2,495
Total Gross Revenues (Charges)	\$4,661,392	\$4,909,339	\$5,157,285
Total Net Revenue	\$2,481,550	\$2,601,804	\$2,722,058
Average Net Revenue per Surgical Case	\$1,098	\$1,096	\$1,091
Total Operating Expenses (Costs)	\$2,290,549	\$2,370,259	\$2,452,508
Average Operating Expense per Surgical Case	\$1,014	\$998	\$983
Net Income	\$191,000	\$231,545	\$269,550

*See Form C.3b.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 142 the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$4,140,000
Miscellaneous Costs	\$1,214,575
Total	\$5,354,575

In Section F.1, page 79, Section Q, Form F.1a, pages 142, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 81, the applicant projects that start-up costs will be \$100,000 and initial operating expenses will be \$130,000 for a total working capital of \$230,000. On pages 81-82, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F.2, page 79, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	AAC Management Services, LLC	Total
Loans	\$5,354,575	\$5,354,575
Cash and Cash Equivalents, Accumulated reserves or OE *	\$	\$
Bonds	\$	\$
Other	\$	\$
Total Financing	\$5,354,575	\$5,354,575

* OE = Owner’s Equity

In Section F.3, page 82, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$230,000
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$
Lines of credit	\$
Bonds	\$
Total *	\$230,000

The applicants state that the proposed project will be funded through a loan. Exhibit F.2 (Tab 10) contains a letter dated August 8, 2022, from the Senior Vice President and Treasurer of National Medical Care, Inc. confirming that he is authorized to commit to enter into a loan agreement to fund the capital costs and working capital costs of the proposed project up to \$6.5 million. The letter further states that National Medical Care, Inc. is ultimately wholly owned by Fresenius Medical Care AG and Co. (Fresenius). Exhibit F.2 also contains a copy of the quarterly report of Fresenius showing that as of June 30, 2022, Fresenius had Cash and Cash Equivalents of \$1,024,672,000.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

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 three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Triangle Vascular Care: Operating Rooms

	1st Full Fiscal Year (CY2024)	2nd Full Fiscal Year (CY2025)	3rd Full Fiscal Year (CY2026)
Total Surgical Cases	645	687	729
Total Gross Revenues (Charges)	\$11,078,327	\$12,160,326	\$13,278,366
Total Net Revenue	\$3,526,608	\$3,871,045	\$4,226,955
Average Net Revenue per Surgical Case	\$5,468	\$5,635	\$5,798
Total Operating Expenses (Costs)	\$1,907,308	\$2,026,039	\$2,149,140
Average Operating Expense per Surgical Case	\$2,957	\$2,949	\$2,948
Net Income	\$1,619,300	\$1,845,006	\$2,077,816

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$5,978,508
Miscellaneous Costs	\$2,276,498
Total	\$8,255,006

In Section F.1, page 78, Section Q, Form F.1a, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 80, the applicant states there will be no start-up costs or initial operating expenses because UNC REX Hospital is an existing hospital.

Availability of Funds

In Section F.2, page 78, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Rex Hospital, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$8,255,006	\$8,255,006
Bonds	\$	\$
Other	\$	\$
Total Financing	\$8,255,006	\$8,255,006

* OE = Owner's Equity

Exhibit F.2-1 contains an August 15, 2022, letter from a Chief Financial Officer for Rex Hospital, Inc. documenting that the funds will be made available for the capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate cash and cash equivalents as of June 30, 2021, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for UNC REX Hospital in the first three full fiscal years following completion of the project, as shown in the table below.

UNC REX Hospital: Acute Care Beds

UNC REX Hospital Total Facility	1 st Full Fiscal Year (7/1/25-6/30/26)	2 nd Full Fiscal Year (7/1/26-6/30/27)	3 rd Full Fiscal Year (7/1/27-6/30/28)
Total Patient Days*	135,551	138,685	141,863
Total Gross Revenues (Charges)	\$233,818,723	\$245,921,565	\$258,600,396
Total Net Revenue	\$76,472,709	\$80,431,063	\$84,577,799
Average Net Revenue per patient day	\$564	\$580	\$596
Total Operating Expenses (Costs)	\$163,921,510	\$173,581,716	\$183,809,070
Average Operating Expense per patient day	\$1,209	\$1,262	\$1,296
Net Income	(-\$87,448,801)	(-\$93,150,653)	(-\$99,231,271)

*See Form C.1b in Section Q.

UNC REX Hospital: Entire Facility

UNC REX Hospital Total Facility	1 st Full Fiscal Year (7/1/25-6/30/26)	2 nd Full Fiscal Year (7/1/26-6/30/27)	3 rd Full Fiscal Year (7/1/27-6/30/28)
Total Gross Revenues (Charges)	\$4,671,620,154	\$4,900,603,487	\$5,140,841,695
Total Net Revenue	\$1,692,061,009	\$1,774,055,953	\$1,860,054,503
Total Operating Expenses (Costs)	\$1,668,443,958	\$1,743,622,929	\$1,822,241,951
Net Income	\$23,617,051	\$30,433,024	\$37,812,552

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$8,487,441
Miscellaneous Costs	\$3,784,247
Total	\$12,271,688

In Section F.1, page 75, Section Q, Form F.1a, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 77, the applicant states there will be no start-up costs or initial operating expenses because UNC REX Holly Springs Hospital is an existing hospital.

Availability of Funds

In Section F.2, page 78, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Rex Hospital, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$12,271,688	\$12,271,688
Bonds	\$	\$
Other	\$	\$
Total Financing	\$12,271,688	\$12,271,688

* OE = Owner's Equity

Exhibit F.2-1 contains an August 15, 2022, letter from a Chief Financial Officer for Rex Hospital, Inc. documenting that the funds will be made available for the capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate cash and cash equivalents as of June 30, 2021, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for UNC REX Hospital in the first three full fiscal years following completion of the project, as shown in the table below.

UNC REX Holly Springs Hospital: Acute Care Beds

UNC REX Hospital Total Facility	1 st Full Fiscal Year (7/1/25-6/30/26)	2 nd Full Fiscal Year (7/1/26-6/30/27)	3 rd Full Fiscal Year (7/1/27-6/30/28)
Total Patient Days*	13,614	14,572	15,599
Total Gross Revenues (Charges)	\$24,397,010	\$26,846,359	\$29,541,611
Total Net Revenue	\$7,953,086	\$8,751,539	\$9,630,154
Average Net Revenue per Patient Day	\$584	\$601	\$617
Total Operating Expenses (Costs)	\$12,401,699	\$13,139,791	\$13,965,702
Average Operating Expense per Patient Day	\$911	\$902	\$895
Net Income	(-\$4,448,614)	(-\$4,388,252)	(-\$4,335,548)

*See Form C.1b in Section Q.

UNC REX Hospital: Entire Facility

UNC REX Hospital Total Facility	1 st Full Fiscal Year (7/1/25-6/30/26)	2 nd Full Fiscal Year (7/1/26-6/30/27)	3 rd Full Fiscal Year (7/1/27-6/30/28)
Total Gross Revenues (Charges)	\$4,671,620,154	\$4,900,603,487	\$5,140,841,695
Total Net Revenue	\$1,692,061,009	\$1,774,055,953	\$1,860,054,503
Total Operating Expenses (Costs)	\$1,668,443,958	\$1,743,622,929	\$1,822,241,951
Net Income	\$23,617,051	\$30,433,024	\$37,812,552

Note: UNC REX Holly Spring Hospital operates under UNC REX Hospital's license.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$1,597,193
Miscellaneous Costs	\$979,230
Total	\$2,576,423

In Section F.1, page 79, Section Q, Form F.1a, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 81, the applicant states there will be no start-up costs or initial operating expenses because UNC REX Hospital is an existing hospital.

Availability of Funds

In Section F.2, page 79, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Rex Hospital, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$2,576,423	\$2,576,423
Bonds	\$	\$
Other	\$	\$
Total Financing	\$2,576,423	\$2,576,423

* OE = Owner's Equity

Exhibit F.2-1 contains an August 15, 2022, letter from a Chief Financial Officer for Rex Hospital, Inc. documenting that the funds will be made available for the capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate cash and cash equivalents as of June 30, 2021, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

UNC REX Hospital: Operating Rooms

	1st Full Fiscal Year (7/1/24-6/30/25)	2nd Full Fiscal Year (7/1/25-6/30/26)	3rd Full Fiscal Year (7/1/26-6/30/27)
Total Surgical Cases*	21,446	22,084	22,776
Total Gross Revenues (Charges)	\$688,142,412	\$728,458,057	\$772,325,837
Total Net Revenue	\$225,063,636	\$238,249,258	\$252,596,640
Average Net Revenue per Surgical Case	\$10,494	\$10,788	\$11,090
Total Operating Expenses (Costs)	\$185,049,257	\$195,018,552	\$205,748,067
Average Operating Expense per Surgical Case	\$8,629	\$8,831	\$9,034
Net Income	\$40,014,379	\$43,230,705	\$46,848,572

*See Form C.3b UNC REX Hospital in Section Q.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID#J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID#J-11557-18.

Capital and Working Capital Costs

In Section Q, Form F.1b, the applicant projects the total capital cost of the project, as shown in the table below.

	Previously Approved Capital Costs	Capital Costs- Current Application	Difference in Capital Costs (Additional Capital Costs)
	Project ID#J-11557-18	Project ID# J-12261-22	Project ID #J-12261-22
Site Costs	\$500,000	\$500,000	\$0
Construction Costs	\$21,260,000	\$21,460,000	\$200,000
Miscellaneous Costs	\$13,040,000	\$14,340,000	\$1,300,000
Total	\$34,300,000	\$35,800,000	\$1,500,000

In Section F.1, page 76, Section Q, Form F.1b, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 78-79, the applicant states there will be no start-up costs or initial operating expenses because this change in scope *“is not anticipated to increase any working capital needs beyond the previously approved project. ... Duke Health Green Level ASC will be operated as part of the Duke University Health System ... DUHS does not generally allocate ‘start-up costs’ or ‘working capital’ for new service sites within the system, as the accounting is done at the system level.”*

Availability of Funds

In Section F.2, page 77, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Duke University Health System, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$1,500,000	\$1,500,000
Bonds	\$	\$
Other	\$	\$
Total Financing	\$1,500,000	\$1,500,000

* OE = Owner's Equity

Exhibit F.2 contains a letter dated August 5, 2022, from the Senior Vice President, Chief Financial Officer & Treasurer for Duke Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2021, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Duke Green Level ASC: Operating Rooms

ASC: Operating Rooms	1 st Full Fiscal Year (7/1/26-6/30/27)	2 nd Full Fiscal Year (7/1/27-6/30/28)	3 rd Full Fiscal Year (7/1/28-6/30/29)
Total Surgical Cases*	1,532	2,374	3,279
Total Gross Revenues (Charges)	\$18,877,873	\$29,564,452	\$41,177,459
Total Net Revenue	\$7,228,716	\$11,315,722	\$15,663,253
Average Net Revenue per Surgical Case	\$4,718	\$4,767	\$4,777
Total Operating Expenses (Costs)	\$5,819,777	\$8,457,312	\$11,289,982
Average Operating Expense per Surgical Case	\$3,799	\$3,562	\$3,443
Net Income	\$1,408,939	\$2,858,410	\$4,373,271

*# of Surgical Cases from Form C.3b Duke Health Green Level ASC, page 124 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$0
Miscellaneous Costs	\$2,500,000
Total	\$2,500,000

In Section F.1, page 60 and in Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 62, the applicant states there will be no start-up costs or initial operating expenses because DRAH is an existing hospital.

Availability of Funds

In Section F.2, page 60, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Duke University Health System, Inc.	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$2,500,000	\$2,500,000
Bonds	\$	\$
Other	\$	\$
Total Financing	\$2,500,000	\$2,500,000

* OE = Owner's Equity

Exhibit F.2 contains a letter dated August 5, 2022, from the Senior Vice President, Chief Financial Officer & Treasurer for Duke Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2021, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for DUHS in the first three full fiscal years following completion of the project, as shown in the table below.

Duke Raleigh Hospital: Acute Care Beds

Duke University Health System	1 st Full Fiscal Year (7/1/23-6/30/24)	2 nd Full Fiscal Year (7/1/24-6/30/25)	3 rd Full Fiscal Year (7/1/25-6/30/26)
Total Patient Days*	56,370	58,541	60,796
Total Gross Revenues (Charges)	\$541,380,129	\$572,841,047	\$594,905,602
Total Net Revenue	\$163,453,077	\$174,027,705	\$181,882,640
Average Net Revenue per Patient Day	\$2,900	\$2,973	\$2,992
Total Operating Expenses (Costs)	\$225,726,933	\$244,761,264	\$260,610,772
Average Operating Expense per Patient Day	\$4,004	\$4,181	\$4,287
Net Income	(-\$62,273,855)	(-\$70,733,560)	(-\$78,728,132)

*See Form C.3b in Section Q, page 98 of the application.

Duke University Health System

Duke University Health System	1 st Full Fiscal Year (7/1/23-6/30/24)	2 nd Full Fiscal Year (7/1/24-6/30/25)	3 rd Full Fiscal Year (7/1/25-6/30/26)
Total Gross Revenues (Charges)	\$16,083,553,000	\$16,577,722,000	\$17,086,951,000
Total Net Revenue	\$4,968,079,000	\$5,125,585,000	\$5,282,265,000
Total Operating Expenses (Costs)	\$4,893,817,000	\$4,998,104,000	\$5,098,436,000
Net Income	\$74,261,000	\$127,480,000	\$183,829,000

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 215, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$21,200,000
Construction Costs	\$109,902,000
Miscellaneous Costs	\$82,898,000
Total	\$214,000,000

In Section F.1, page 120, Section Q, Form F.1a, and Exhibit K-3 (Tab 11) the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 122, the applicant projects that start-up costs will be \$11,629,629 and initial operating expenses will be \$3,745,167 for a total working capital of \$15,174,796. On page 122, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F.2, page 120, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	WakeMed	Total
Loans	\$	\$
Cash and Cash Equivalents, Accumulated reserves or OE *	\$	\$
Bonds	\$214,000,000	\$214,000,000
Other	\$	\$
Total Financing	\$214,000,000	\$214,000,000

* OE = Owner’s Equity

In Section F.3, page 123, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$15,174,796
Lines of credit	\$
Bonds	\$
Total *	\$15,174,796

Exhibit F-2.1 (Tab 5) contains a letter dated August 10, 2022, from the managing director of H2C Securities, a strategic advisory and investment banking firm stating that regarding the proposed project which is estimated to cost \$214 million, “H2C is confident that WakeMed will be able to access either the public or private markets and issue tax-exempt or taxable debt.”

Exhibit F-3 (Tab 5) contains a letter dated August 10, 2022, from the Executive Vice President & Chief Financial Officer for WakeMed referencing the audited financial statements for WakeMed as of September 30, 2021, stating that WakeMed has adequate current assets to fund the projected working capital costs for the proposed project and committing those funds for the proposed project.

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 three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

WakeMed Garner Hospital: Entire Facility

WakeMed Garner Hospital-Total Facility	1 st Full Fiscal Year (10/1/26-9/30/27)	2 nd Full Fiscal Year (10/1/27-9/30/28)	3 rd Full Fiscal Year (10/1/28-9/30/29)
Total Gross Revenues (Charges)	\$458,550,460	\$528,666,452	\$571,706,695
Total Net Revenue	\$100,067,747	\$110,817,162	\$121,711,491
Total Operating Expenses (Costs)	\$88,951,220	\$97,824,442	\$103,496,891
Net Income	\$11,116,527	\$12,992,720	\$18,214,601

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
 - The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
 - 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 revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

All Applications

The 2022 SMFP includes need determinations for 45 acute care beds and two ORs in the Wake County service area.

Acute Care Beds. On page 33, the 2022 SMFP defines the service area for acute care beds as “... the single and multicounty groupings shown in Figure 5.1.” Figure 5.1, on page 38, shows Wake County in a single grouping. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

In addition to the need determination in the 2022 SMFP for 45 AC beds in Wake County there are 1,547 existing and approved acute care beds, allocated between seven existing and approved hospitals owned by three providers in the Wake County service area, as illustrated in the following table.

Wake County Acute Care Bed Service Area Hospital Campuses			
	Licensed Acute Care Beds	Adjustments for CONs/Previous Need*	Total
Duke Raleigh Hospital	186	(-40)	146
Duke Green Level Hospital	0	40	40
Duke Total	186	0	186
UNC REX Hospital	439	0	439
UNC REX Holly Springs Hospital*	50	0	50
Rex Total	439	50	489
WakeMed Raleigh Campus	567	20**	587
WakeMed North Hospital	61	16***	72
WakeMed Cary Hospital	208	0	208
WakeMed Total	836	36	872
2022 NEED DETERMINATION	0	45	45
Wake County Service Area Total	1,461	131	1,592

Source: Table 5A, 2023 SMFP, pages 42-43; 2022 Hospital License Renewal Applications (LRAs); and project completion data.

*Note: The data in the 2023 SMFP is based on 2022 Hospital LRA’s which provide data from 10/1/2020 to 9/30/2021. UNC REX Holly Springs Hospital (50 AC beds) started offering service in November 2021.

**Per Project ID# J-10165-13 (reconvert 20 nursing facility beds to acute care beds).

***Per Project ID# J-10166-13 (reconvert 16 nursing facility beds to acute care beds).

Operating Rooms. On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facilities are in Wake County. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in Wake County, and the inpatient and outpatient case volumes for each provider, from pages 66-67 and pages 79-80 of the 2022 SMFP.

Wake County Operating Room Inventory and Cases

	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjust-ments	Adjusted Planning Inventory	IP Surgery Cases	OP Surgery Cases
Duke Green Level Hospital	0	0	0	0	2	2	0	0
Duke Health Green Level ASC	0	0	0	0	1	1	0	0
Duke Health Garner ASC	0	0	0	0	1	1	0	0
Duke Health Raleigh ASC	0	0	0	0	1	1	0	0
Duke Raleigh Hospital	0	0	15	0	-3	12	3,127	6,975
Duke University Health System Total	0	0	15	0	2	17		
Orthopaedic Surgery Center of Garner-???	0	0	0	0	1	1	0	0
Rex Surgery Center of Cary	0	4	0	0	0	4	0	3,522
Raleigh Orthopedic Surgery Center	0	3	0	0	1	4	0	3,008
Rex Surgery Center of Wakefield	0	2	0	0	0	2	0	2,928
Raleigh Orthopedic Surgery-West Cary	0	1	0	0	0	1	0	33
UNC REX Hospital (incl. REX Holly Springs)	4	0	27	-4	1	28	7,388	13,646
UNC Health Care System Total	4	10	27	-4	3	40		
WakeMed Surgery Center-Cary	0	0	0	0	1	1	0	0
WakeMed Surgery Center-North Raleigh	0	0	0	0	1	1	0	0
Capital City Surgery Center	0	8	0	0	-1	7	0	7,117
WakeMed (incl. WakeMed North)	8	0	20	-5	0	23	8,300	13,287
WakeMed Cary Hospital	2	0	9	-2	1	10	2,759	4,417
WakeMed System Total	10	8	29	-7	2	42		
OrthoNC ASC	0	0	0	0	1	1	0	0
RAC Surgery Center	0	1	0	0	0	1	0	134
Surgical Center for Dental Professionals*	0	2	0	0	0	0	0	1,134
Blue Ridge Surgery Center	0	6	0	0	0	6	0	5,304
Raleigh Plastic Surgery Center	0	1	0	0	0	1	0	336
Valleygate Surgery Center	0	0	0	0	1	1	0	0
Triangle Surgery Center	0	2	0	0	1	3	0	2,821
Wake Spine and Specialty Surgery Center	0	0	0	0	1	1	0	0
Holly Springs Surgery Center	0	3	0	0	0	3	0	2,546
2022 Need Determination	0	0	0	0	2	2		
Total Wake County ORs	14	33	71	-11	13	118		

Source: 2023 SMFP, Table 6A and Table 6B.

*Ambulatory surgery demonstration project included in the inventory, but not included in the need determination calculations.

As the table above indicates, there are seven existing or approved hospitals in Wake County (Duke Raleigh Hospital, Duke Green Level Hospital, UNC REX Hospital, UNC REX Holly Springs Hospital, WakeMed Raleigh Campus, Wake North Hospital, and WakeMed Cary Hospital) with a total adjusted planning inventory of 75 ORs. There are 20 existing or approved ambulatory surgery facilities in Wake County with a total adjusted planning inventory of 43 ORs. The 2022 SMFP shows a need for two additional ORs for the Wake County service area.

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

In Section G.2, page 82, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

“The proposed project does not exceed the OR need determination in the 2022 SMFP ... KM Surgery Center offers a new independent, physician-owned, alternative provider to increase patient access to ambulatory surgical services. The utilization projections are based on reasonable and conservative assumptions and are supported by physician letters of support.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved OR services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

In Section C.4, page 44, and Section G.2, pages 109-113, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing OR services in Wake County. The applicant states,

“The 2022 SMFP identified a need for two new ORs in Wake County (see SMFP Table 6-C). To address the unmet needs of Wake County residents who require timely access to cataract and other eye surgeries, Oakview ASC proposes to develop one of the two ORs identified in the 2022 SMFP in a new single-specialty ophthalmic surgery center [see page 44 of the application] ... Further, the proposed single-specialty ophthalmic ASC is not an unnecessary duplication because it introduces a new option for ophthalmic surgery that will deliver services at a cost lower than at hospital-based facilities and with more efficiency and better-quality outcomes than multi-specialty ASCs. [see page 110 of the application]”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved OR services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

In Section G.2, page 92, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

“The proposed project will not result in unnecessary duplication because there is only one ESRD-focused or vascular treatment ASC in Wake County (Raleigh Access Center, located in southeast Raleigh).”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved OR services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

In Section G.2, page 88, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

“The 2022 SMFP includes a need determination for 45 additional acute care beds in Wake County. ... UNC REX Hospital operated at 85.2 percent occupancy in SFY 2022. High occupancy rates negatively impact several aspects of hospital operations, forcing UNC REX Hospital to hold patients in the emergency department for extended periods of time before a bed is available for admission. ... No other provider can meet the needs of patients that choose UNC REX Hospital.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County service area and the applicant proposes to develop 36 acute care beds.
- The applicant adequately demonstrates that the proposed 36 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

In Section G.2, page 85, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

“The 2022 SMFP includes a need determination for 45 additional acute care beds in Wake County. As discussed previously, southern Wake County, including Holly Springs and Fuquay-Varina, is expected to grow faster than other areas of Wake County. As the only hospital located in the southern region of Wake County, UNC REX Holly Springs Hospital serves a vital role in ensuring access to patients that have previously had to travel for hospital-based services. Further, as demonstrated in Form C Assumptions and Methodology, utilization of UNC REX’s licensed bed capacity is growing, and the beds proposed in this application will be needed to meet patient demand.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County service area and the applicant proposes to develop 9 acute care beds.
- The applicant adequately demonstrates that the proposed 9 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

In Section G.2, page 89, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

“The 2022 SMFP includes a need determination for two additional operating rooms in Wake County. ... At UNC REX Hospital alone, there is still a need for additional operating room capacity beyond the currently proposed and previously approved projects. As the only tertiary hospital in Wake County that is part of a health system led by a quaternary, academic medical center, UNC REX hospital plays a unique role in Wake County and the surrounding area, including providing a site of care of UNC faculty physicians from multiple specialties, and offering some of the highest acuity care available in the county. No other provider can meet the needs of patients that choose UNC REX hospital.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved operating room services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop two ORs.

- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID#J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID#J-11557-18.

In Section G.2, pages 88-89, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

“The proposed project will not result in unnecessary duplication of existing facilities in Wake County. The robust growth of surgical cases (both inpatient and outpatient) at DRAH obviously supports the need for DUHS to develop additional surgical capacity in Wake County. ... The proposed project is needed to expand access to DUHS’ well-utilized ambulatory surgical services. As described in Section C.4, DUHS demonstrates the need the population has for the proposed project based on demographic data specific to the OR service area, historical DUHS surgical utilization, and qualitative benefits, including enhanced geographic access and access to a new freestanding ASC with non-HOPD charges.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved OR services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop two ORs.
- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

In Section G.2, pages 68-70, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

“Based on the utilization data listed in Question G.1, the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County, as evidenced by the need methodology in the 2022 SMFP. The State considers the existing and approved acute care hospitals (and corresponding acute care bed capacity) inadequate to meet the projected need in the acute care service area and has determined a need for 45 additional acute care beds in Wake County. ... The proposed project will not result in unnecessary duplication of existing or approved health service facilities in Wake County. The additional capacity is needed to meet the historic and projected utilization at DRAH.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County service area and the applicant proposes to develop 45 acute care beds.
- The applicant adequately demonstrates that the proposed 45 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

In Section G.2, page 130, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

“The proposed project will not result in an unnecessary duplication of the existing or approved facilities that provide the same services and are located in the proposed service area, as the application is in response to a need for acute care beds and ORs in Wake County as published in the 2022 SMFP. Further, WakeMed has the largest OR need of any facility both in the 2022 and the Proposed 2023 SMFPs. WakeMed also has the largest need for acute care beds in Wake County based on FY2021 acute care bed utilization in the Proposed 2023 SMFP.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services and OR services in the service area for the following reasons:

- There is a need determination in the 2022 SMFP for 45 acute care beds in the Wake County service area and the applicant proposes to develop 45 acute care beds.
- The applicant adequately demonstrates that the proposed 45 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.
- There is a need determination in the 2022 SMFP for two ORs in the Wake County service area and the applicant proposes to develop two ORs.
- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (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
All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3. In Sections H.2 and H.3, pages 84-85, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 114-115, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 93-95, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 90-91, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 87-88, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 91-92, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP, which is a change in scope to CON Project ID# J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID# J-11557-18.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 92-93, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared operating rooms from Duke Raleigh Hospital).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 71-73, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 132-138, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (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.

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

Ancillary and Support Services

In Section I.1, page 87, the applicant identifies the necessary ancillary and support services for the proposed services. On page 88, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I-1 (Tab 11). The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 89, the applicant describes its proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2 (Tab 12) of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

Ancillary and Support Services

In Section I.1, page 116, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 116-118, the applicant explains how each ancillary and

support service is or will be made available and provides supporting documentation in Exhibits C-5.1 and C-5.2. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 118, the applicant describes its proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits C-4.1, C-5.1, C-5.2, C-5.3 and I-2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

Ancillary and Support Services

In Section I.1, page 97, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 97-98, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits I.1.1, I.1.2 and I.1.3. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, pages 98-99, the applicant describes its proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

Ancillary and Support Services

In Section I.1, page 92, the applicant identifies the necessary ancillary and support services for the proposed services. On page 92, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 93, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

Ancillary and Support Services

In Section I.1, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On page 90, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 91, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

Ancillary and Support Services

In Section I.1, page 93, the applicant identifies the necessary ancillary and support services for the proposed services. On page 93, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 94, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID# J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID#J-11557-18.

Ancillary and Support Services

In Section I.1, page 95, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 95-96, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit C.4. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, pages 96, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's 2021 Report on Community Benefit outlining Duke's community investment. The applicant

adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

Ancillary and Support Services

In Section I.1, page 74, the applicant identifies the necessary ancillary and support services for the proposed services. On page 74, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, pages 75, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's 2021 Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Ancillary and Support Services

In Section I.1, page 139, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 139-140, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, pages 140-142, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 10-18 (Tab 9) and Exhibit I.2.1, pages 21-26 (Tab 9) of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (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- All Applications

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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- All Applications

None of the applicants are HMOs. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

Duke Raleigh Hospital

C

All Other Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

In Section K, page 92, the applicant states that the project involves renovation of 13,900 square feet of existing space. Line drawings are provided in Exhibit K.2.

In Section E, page 68 and Section K, page 93, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 93 and in Exhibit F.1, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 93-94, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

In Section K, page 121, the applicant states that the project involves renovation of 7,510 square feet of existing space. Line drawings are provided in Exhibits K-2.1 and K-2.2.

On page 122, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 122, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 122, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

In Section K, page 102, the applicant states that the project involves renovation of 7,585 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 102-103 and in Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 103, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 103-104, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

In Section K, page 96, the applicant states that the project involves renovation of 7,704 square feet of existing space. Line drawings are provided in Exhibit C.1.

On page 97, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 97, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On page 97, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

In Section K, page 94, the applicant states that the project involves renovation of 24,736 square feet of existing space. Line drawings are provided in Exhibit C.1.

On pages 94-95, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 95, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On page 95, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

In Section K, page 97, the applicant states that the project involves renovation of 1,637 square feet of existing space. Line drawings are provided in Exhibit C.1.

On pages 97-98, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 98, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On page 98, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID#J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID#J-11557-18.

In Section K, page 99, the applicant states that the project involves renovation of 1,000 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 100, and in Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 100, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 100-101, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

In Section K, pages 78-79, the applicant states that the project does not involve any construction or renovations to the existing facility. Therefore, this criterion is not applicable.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

In Section K, page 144, the applicant states that the project involves the construction of a new hospital campus. Line drawings are provided in Exhibit K-1.

On pages 144-145, and in Exhibit K-3 (Tab 11), the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 145, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On pages 145-146, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

- (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 ... persons [with disabilities], 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

UNC REX Hospital (Beds)
UNC REX Holly Springs Hospital
UNC REX Hospital (ORs)
Duke Raleigh Hospital

NA

KM Surgery Center
Oakview ASC
Triangle Vascular Care
Duke Green Level ASC
WakeMed Garner Hospital

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

KM Surgery Center is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

Oakview ASC is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

Triangle Vascular Care is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

In Section L, page 100, the applicant provides the historical payor mix during 7/1/2020 to 6/30/2021 for the facility, as shown in the table below.

UNC REX Hospital: Facility

Payor Category	Percentage of Total Patients Served
Self-Pay	8.2%
Medicare*	40.2%
Medicaid*	5.3%
Insurance*	38.0%
Other (Includes Workers Comp & TRICARE)	8.3%
Total	100.0%

Source: Table on page 100 of the application.

*Including any managed care plans.

In Section L, page 101, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	61.5%	51.1%
Male	38.3%	48.9%
Unknown	0.2%	0.0%
64 and Younger	63.1%	87.4%
65 and Older	36.9%	12.6%
American Indian	0.3%	0.8%
Asian	1.8%	8.3%
Black or African American	26.1%	21.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	64.0%	67.1%
Other Race	5.9%	2.7%
Declined / Unavailable	1.8%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

In Section L, page 99, the applicant provides the historical payor mix during 11/1/2021 to 5/30/2022 [UNC REX Holly Springs Hospital opened on November 1, 2021] for the facility, as shown in the table below.

UNC REX Holly Springs Hospital: Facility

Payor Category	Percentage of Total Patients Served
Self-Pay	7.0%
Medicare*	26.2%
Medicaid*	14.2%
Insurance*	48.2%
Other (Includes Workers Comp & TRICARE)	4.4%
Total	100.0%

Source: Table on page 99 of the application.

*Including any managed care plans.

In Section L, page 100, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	60.7%	51.1%
Male	39.3%	48.9%
Unknown	0.0%	0.0%
64 and Younger	75.4%	87.4%
65 and Older	24.6%	12.6%
American Indian	0.3%	0.8%
Asian	1.8%	8.3%
Black or African American	19.5%	21.0%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	67.9%	67.1%
Other Race	9.4%	2.7%
Declined / Unavailable	1.1%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

In Section L, page 101, the applicant provides the historical payor mix during 7/1/2020 to 6/30/2021 for the facility, as shown in the table below.

UNC REX Hospital: Facility

Payor Category	Percentage of Total Patients Served
Self-Pay	8.2%
Medicare*	40.2%
Medicaid*	5.3%
Insurance*	38.0%
Other (Includes Workers Comp & TRICARE)	8.3%
Total	100.0%

Source: Table on page 101 of the application.

*Including any managed care plans.

In Section L, page 102, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	61.5%	51.1%
Male	38.3%	48.9%
Unknown	0.2%	0.0%
64 and Younger	63.1%	87.4%
65 and Older	36.9%	12.6%
American Indian	0.3%	0.8%
Asian	1.8%	8.3%
Black or African American	26.1%	21.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	64.0%	67.1%
Other Race	5.9%	2.7%
Declined / Unavailable	1.8%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

Duke Green Level ASC is not yet in operation. Therefore, Criterion (13a) is not applicable to this review.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

In Section L, page 81, the applicant provides the historical payor mix during 7/1/2021 to 6/30/2022 for the facility, as shown in the table below.

Duke Raleigh Hospital: Facility

Payor Category	Percentage of Total Patients Served
Self-Pay	0.9%
Charity Care	3.0%
Medicare	46.6%
Medicaid	8.3%
Insurance	38.7%
Workers Compensation	0.2%
TRICARE	1.4%
Other (specify)	0.9%
Total	100.0%

Source: Table on page 81 of the application.

*Including any managed care plans.

In Section L, page 82, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	62.2%	51.1%
Male	37.8%	48.9%
Unknown		
64 and Younger	56.5%	87.4%
65 and Older	43.5%	12.6%
American Indian	0.4%	0.8%
Asian	3.1%	8.3%
Black or African American	26.5%	21.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	62.6%	67.1%
Other Race	3.3%	2.7%
Declined / Unavailable	4.0%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

WakeMed Garner Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (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 persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

UNC REX Hospital (Beds)
UNC REX Holly Springs Hospital
UNC REX Hospital (ORs)
Duke Raleigh Hospital

NA

KM Surgery Center
Oakview ASC
Triangle Vascular Care
Duke Green Level ASC
WakeMed Garner Hospital

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

KM Surgery Center is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

Oakview ASC is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

Triangle Vascular Care is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 102, the applicant states,

“UNC REX Hospital has had no obligations to provide uncompensated care, community service, or access to care by medically underserved, minorities, or handicapped persons during the last three years. However, in order to maintain UNC REX Hospital’s § 501(c)(3) tax-exempt status, it is necessary to fulfill a general obligation to provide access to healthcare services for all patients needing care, regardless of their ability to pay. UNC REX Hospital does this on a routine basis for all patients regardless of referral source.”

In Section L, page 103, the applicant states,

“On June 14, 2022, UNC REX Hospital received notification that the U.S. Department of Health and Human Services (HHS), Office of Civil Rights (OCR) was reviewing a complaint received on February 21, 2022, from a parent on behalf of their child, a UNC REX Hospital patient. Due to the nature of the allegations which included age discrimination, the complaint was referred to the Federal Mediation and Conciliation Service (FMCS). UNC REX has been in contact with OCR and engaged in multiple communications with the complainant to address and resolve any and all issues. If the complainant chooses to pursue formal resolution through mediation, UNC REX fully anticipates formally resolving this complaint soon.”

The applicant states that during the 18 months immediately preceding the application deadline, no other patient civil rights access complaints have been filed against UNC REX Hospital.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 101, the applicant states,

“UNC REX Holly Springs Hospital has had no obligations to provide uncompensated care, community service, or access to care by medically underserved, minorities, or handicapped persons during the last three years. However, in order to maintain UNC REX Holly Springs Hospital’s § 501(c)(3) tax-exempt status, it is necessary to fulfill a general obligation to provide access to healthcare services for all patients needing care, regardless of their ability to pay. UNC REX Holly Springs Hospital does this on a routine basis for all patients regardless of referral source.”

In Section L, page 102, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against UNC REX Holly Springs Hospital.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 103, the applicant states,

“UNC REX Hospital has had no obligations to provide uncompensated care, community service, or access to care by medically underserved, minorities, or handicapped persons during the last three years. However, in order to maintain UNC REX Hospital’s § 501(c)(3) tax-exempt status, it is necessary to fulfill a general

obligation to provide access to healthcare services for all patients needing care, regardless of their ability to pay. UNC REX Hospital does this on a routine basis for all patients regardless of referral source.”

In Section L, page 104, the applicant states,

“On June 14, 2022, UNC REX Hospital received notification that the U.S. Department of Health and Human Services (HHS), Office of Civil Rights (OCR) was reviewing a complaint received on February 21, 2022, from a parent on behalf of their child, a UNC REX Hospital patient. Due to the nature of the allegations which included age discrimination, the complaint was referred to the Federal Mediation and Conciliation Service (FMCS). UNC REX has been in contact with OCR and engaged in multiple communications with the complainant to address and resolve any and all issues. If the complainant chooses to pursue formal resolution through mediation, UNC REX fully anticipates formally resolving this complaint soon.”

The applicant states that during the 18 months immediately preceding the application deadline, no other patient civil rights access complaints have been filed against UNC REX Hospital.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

Duke Green Level ASC is not yet in operation. Therefore, Criterion (13b) is not applicable to this review.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, pages 83-84, the applicant states,

“For information purposes, Duke University Health System hospitals have satisfied the requirements of applicable federal regulations to provide, on an annual basis, a certain amount of uncompensated care in return for Hill Burton funds previously received. Further, they comply with the provisions of section 501(r) of the Internal Revenue Code including provisions requiring a published financial assistance policy, limiting charges

to self-pay patients, and periodically conducting a Community Health Needs Assessment. DUHS has no special obligation under applicable Federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons, other than those obligations which apply to private, not-for-profit, acute care hospitals that participate in the Medicare, Medicaid, VA, TRICARE and Title V programs. ... DUHS does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap, or ability to pay. DUHS will continue to have a robust financial assistance policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. DGLH will be available to and accessible by any outpatient, including the medically underserved, having a clinical need for the offered services.”

In Section L, page 84, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Duke Raleigh Hospital.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

WakeMed Garner Hospital is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

- (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

All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

In Section L.3, page 101, the applicant projects the following payor mix for the proposed facility during third full fiscal year [10/1/2026 to 9/30/2027] of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay/Charity Care	1.8%
Medicare *	29.5%
Medicaid *	1.9%
Insurance *	63.6%
Other (Governmental)	3.2%
Total	100.0%

Source: Table on page 101 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.8% of total services will be provided to self-pay/charity care patients, 29.5% to Medicare patients and 1.9% to Medicaid patients.

On page 102, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for ambulatory patients treated by the proposed KM Surgery Center surgeons in local ORs (hospital and/or ASF's).

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

In Section L.3, page 128, the applicant projects the following payor mix for the proposed facility during third full fiscal year [1/1/2027 to 12/31/2027] of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Charity Care	3.0%
Medicare *	72.3%
Medicaid *	0.5%
Insurance *	24.2%
Total	100.0%

Source: Table on page 128 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.0% of total services will be provided to charity care patients, 72.3% to Medicare patients and 0.5% to Medicaid patients.

On page 128, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix is based on the historical payor mix from 2021 of the surgeon who will be performing procedures at the proposed facility based on the three facilities from which he plans to shift volume.
- The projected payor mix based on the shift of historical cases from three facilities was adjusted to account for providing 3% of patients with charity care.
- The applicant clearly explains how it calculated the shift of historical cases to calculate projected payor source.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

In Section L.3, page 112, the applicant projects the following payor mix for the proposed facility during third full fiscal year [1/1/2026 to 12/31/2026] of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	2.50%
Medicare *	69.44%
Medicaid *	4.52%
Insurance *	23.55%
Total	100.00%

Source: Table on page 112 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.5% of total services will be provided to self-pay patients, 69.44% to Medicare patients and 4.52% to Medicaid patients.

On page 111, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical CY2021 payor mix for Triangle Vascular Associates, which includes the surgeons who are projected to utilize the proposed facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

In Section L.3, page 104, the applicant projects the following payor mix for the proposed acute care beds during third full fiscal year [7/1/2027 to 6/30/2028] of operation following completion of the project, as shown in the table below.

UNC REX Hospital: Acute Care Beds

Payor Category	Percentage of Total Patients Served
Self-Pay	3.4%
Medicare*	58.3%
Medicaid*	10.3%
Insurance*	22.6%
Other (Includes Workers Comp & TRICARE)	5.4%
Total	100.0%

Source: Table on page 104 of the application.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.4% of acute care bed services will be provided to self-pay patients, 58.3% to Medicare patients and 10.3% to Medicaid patients.

On pages 104-105, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for UNC REX Hospital's acute care beds for FY2021 and the applicant does not expect the proposed project to impact payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

In Section L.3, page 103, the applicant projects the following payor mix for the proposed acute care beds during third full fiscal year [7/1/2027 to 6/30/2028] of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	2.6%
Medicare*	57.9%
Medicaid*	9.5%
Insurance*	23.9%
Other (Includes Workers Comp & TRICARE)	6.1%
Total	100.0%

Source: Table on page 103 of the application.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.6% of acute care bed services will be provided to self-pay patients, 57.9% to Medicare patients and 9.5% to Medicaid patients.

On page 103, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for UNC REX Holly Springs Hospital's acute care beds for 11/1/2021 to 5/30/2022 [UNC REX Holly Springs Hospital opened on November 1, 2021] and the applicant does not expect the proposed project to impact payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

In Section L.3, page 105, the applicant projects the following payor mix for the proposed surgical services during third full fiscal year [7/1/2026 to 6/30/2027] of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	3.1%
Medicare*	40.9%
Medicaid*	4.3%
Insurance*	40.8%
Other (Includes Workers Comp & TRICARE)	10.9%
Total	100.0%

Source: Table on page 105 of the application.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.1% of surgical services will be provided to self-pay patients, 40.9% to Medicare patients and 4.3% to Medicaid patients.

On pages 105-106, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for UNC REX Hospital's surgical services for FY2021 and the applicant does not expect the proposed project to impact payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

In Section L.3, page 108, the applicant projects the following payor mix for the proposed surgical services during third full fiscal year [7/1/2028 to 6/30/2029] of operation following completion of the project, as shown in the table below.

Duke Green Level ASC: Operating Rooms

Payor Category	Percentage of Total Patients Served
Self-Pay	0.3%
Charity Care	2.0%
Medicare *	40.9%
Medicaid *	6.0%
Insurance *	45.7%
Workers Compensation	0.7%
TRICARE	2.4%
Other (Other govt programs)	1.9%
Total	100.0%

Source: Table on page 108 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.3% of the surgical services will be provided to self-pay patients, 2.0% to charity care patients, 40.9% to Medicare patients and 6.0% to Medicaid patients.

On page 108, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix for OR services is reasonable and adequately supported because it is based on the historical payor mix of surgical cases at DUHS facilities and associated with the types of cases that are projected at Duke Green Level ASC.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

In Section L.3, page 85, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [7/1/2025 to 6/30/2026] of operation following completion of the project, as shown in the table below.

DRAH: Acute Care Beds

Payor Category	Percentage of Total Patients Served
Self-Pay	0.5%
Charity Care	5.3%
Medicare *	60.1%
Medicaid *	8.8%
Insurance *	22.6%
Workers Compensation	0.2%
TRICARE	0.9%
Other (Other govt programs)	1.6%
Total	100.0%

Source: Table on page 85 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.5% of acute care bed services will be provided to self-pay patients, 5.3% to charity care patients, 60.1% to Medicare patients and 8.8% to Medicaid patients.

On page 84, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for acute care beds at DRAH for FY2022.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

In Section L.3, pages 152-153, the applicant projects the following payor mix for the proposed inpatient services and outpatient surgical services during third full fiscal year [10/1/2028 to 9/30/2029] of operation following completion of the project, as shown in the table below.

WakeMed Garner: Inpatient Services

Payor Category	Percentage of Total Patients Served
Self-Pay (includes Charity Care)	7.14%
Medicare *	45.23%
Medicaid *	17.74%
Insurance *	22.97%
Other (WC/Govt/3PL)	6.91%
Total	100.00%

Source: Table on page 152 of the application.

* Including any managed care plans

WakeMed Garner: Outpatient Surgery

Payor Category	Percentage of Total Patients Served
Self-Pay (includes Charity Care)	7.77%
Medicare *	41.00%
Medicaid *	14.02%
Insurance *	34.39%
Other (WC/Govt/3PL)	2.82%
Total	100.00%

Source: Table on page 153 of the application.

* Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.14% of inpatient services will be provided to self-pay patients, 45.23% to Medicare patients and 17.74% to Medicaid patients.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.77% of outpatient surgery services will be provided to self-pay patients, 41.00% to Medicare patients and 14.02% to Medicaid patients.

In Section Q, Form F.2b proformas, pages 217-223, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on the FY2022 payor mix originating from the proposed service area which patients utilized at any WakeMed inpatient facilities.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (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

All Applications

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

In Section L.5, page 103, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

In Section L.5, page 131, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

In Section L.5, pages 113-114, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12258-22/ UNC REX Hospital/ Add 36 AC beds

In Section L.5, page 106, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

In Section L.5, page 104, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12260-22/ UNC REX Hospital/ Add 2 ORs

In Section L, page 107, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12261-22/ Duke Green Level ASC/ Add 2 ORs

In Section L.5, page 110, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

In Section L.5, page 87, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID #J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

In Section L.5, pages 154-155, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that 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

All Applications

All Applications. In Section M, the applicants describe the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provide supporting documentation in the referenced exhibits.

The Agency reviewed the:

- Applications
- Exhibits to the applications

Based on that review, the Agency concludes that all of the applicants adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, all of the applications are conforming to this criterion.

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

C
 All Applications

The 2022 SMFP includes need determinations for 45 acute care beds and two ORs in the Wake County service area.

Acute Care Beds. On page 33, the 2022 SMFP defines the service area for acute care beds as “... the single and multicounty groupings shown in Figure 5.1.” Figure 5.1, on page 38, shows Wake County in a single grouping. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

In addition to the need determination in the 2022 SMFP for 45 AC beds in Wake County there are 1,547 existing and approved acute care beds, allocated between seven existing and approved hospitals owned by three providers in the Wake County service area, as illustrated in the following table.

Wake County Acute Care Bed Service Area Hospital Campuses			
	Licensed Acute Care Beds	Adjustments for CONs/Previous Need*	Total
Duke Raleigh Hospital	186	(-40)	146
Duke Green Level Hospital	0	40	40
Duke Total	186	0	186
UNC REX Hospital	439	0	439
UNC REX Holly Springs Hospital*	50	0	50
Rex Total	439	50	489
WakeMed Raleigh Campus	567	20**	587
WakeMed North Hospital	61	16***	72
WakeMed Cary Hospital	208	0	208
WakeMed Total	836	36	872
2022 NEED DETERMINATION	0	45	45
Wake County Service Area Total	1,461	131	1,592

Source: Table 5A, 2023 SMFP, pages 42-43; 2022 Hospital License Renewal Applications (LRAs); and project completion data.

*Note: The data in the 2023 SMFP is based on 2022 Hospital LRA’s which provide data from 10/1/2020 to 9/30/2021. UNC REX Holly Springs Hospital (50 AC beds) started offering service in November 2021.

**Per Project ID# J-10165-13 (reconvert 20 nursing facility beds to acute care beds).

***Per Project ID# J-10166-13 (reconvert 16 nursing facility beds to acute care beds).

Operating Rooms. On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facilities are in Wake County. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in Wake County, and the inpatient and outpatient case volumes for each provider, from pages 66-67 and pages 79-80 of the 2022 SMFP.

Wake County Operating Room Inventory and Cases

	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjust-ments	Adjusted Planning Inventory	IP Surgery Cases	OP Surgery Cases
Duke Green Level Hospital	0	0	0	0	2	2	0	0
Duke Health Green Level ASC	0	0	0	0	1	1	0	0
Duke Health Garner ASC	0	0	0	0	1	1	0	0
Duke Health Raleigh ASC	0	0	0	0	1	1	0	0
Duke Raleigh Hospital	0	0	15	0	-3	12	3,127	6,975
Duke University Health System Total	0	0	15	0	2	17		
Orthopaedic Surgery Center of Garner-???	0	0	0	0	1	1	0	0
Rex Surgery Center of Cary	0	4	0	0	0	4	0	3,522
Raleigh Orthopedic Surgery Center	0	3	0	0	1	4	0	3,008
Rex Surgery Center of Wakefield	0	2	0	0	0	2	0	2,928
Raleigh Orthopedic Surgery-West Cary	0	1	0	0	0	1	0	33
UNC REX Hospital (incl. REX Holly Springs)	4	0	27	-4	1	28	7,388	13,646
UNC Health Care System Total	4	10	27	-4	3	40		
WakeMed Surgery Center-Cary	0	0	0	0	1	1	0	0
WakeMed Surgery Center-North Raleigh	0	0	0	0	1	1	0	0
Capital City Surgery Center	0	8	0	0	-1	7	0	7,117
WakeMed (incl. WakeMed North)	8	0	20	-5	0	23	8,300	13,287
WakeMed Cary Hospital	2	0	9	-2	1	10	2,759	4,417
WakeMed System Total	10	8	29	-7	2	42		
OrthoNC ASC	0	0	0	0	1	1	0	0
RAC Surgery Center	0	1	0	0	0	1	0	134
Surgical Center for Dental Professionals*	0	2	0	0	0	0	0	1,134
Blue Ridge Surgery Center	0	6	0	0	0	6	0	5,304
Raleigh Plastic Surgery Center	0	1	0	0	0	1	0	336
Valleygate Surgery Center	0	0	0	0	1	1	0	0
Triangle Surgery Center	0	2	0	0	1	3	0	2,821
Wake Spine and Specialty Surgery Center	0	0	0	0	1	1	0	0
Holly Springs Surgery Center	0	3	0	0	0	3	0	2,546
2022 Need Determination	0	0	0	0	2	2		
Total Wake County ORs	14	33	71	-11	13	118		

Source: 2023 SMFP, Table 6A and Table 6B.

*Ambulatory surgery demonstration project included in the inventory, but not included in the need determination calculations.

As the table above indicates, there are seven existing or approved hospitals in Wake County (Duke Raleigh Hospital, Duke Green Level Hospital, UNC REX Hospital, UNC REX Holly Springs Hospital, WakeMed Raleigh Campus, Wake North Hospital, and WakeMed Cary Hospital) with a total adjusted planning inventory of 75 ORs. There are 20 existing or approved ambulatory surgery facilities in Wake County with a total adjusted planning inventory of 43 ORs. The 2022 SMFP shows a need for two additional ORs for the Wake County service area.

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop a multi-specialty ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with two procedure rooms upon project completion.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 107, the applicant states:

“KM Surgery Center proposes to operate a cost-effective alternative to performing ambulatory surgery procedures at the local hospital or ASF. With the rising demand for both inpatient and outpatient surgical services that is driven by a growing community, an aging population, and an expanding physician base, KM Surgery Center expects that competition with existing providers will remain robust.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 108, the applicant states:

“KM Surgery Center will provide a more economical choice for outpatient surgical services to the patients in the service area. ... An ASF typically provides a less expensive option to the insurer and, therefore, to the patients for similar ambulatory procedures performed in a hospital setting. ... KM Surgery Center proposes to operate a cost-effective alternative to performing ambulatory surgery procedures.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 108-109, the applicant states:

“KM Surgery Center will establish a performance improvement program. The objective of a performance improvement program will be to provide an ongoing evaluation of various aspects of KM Surgery Center’s operations, both medical and non-medical. Moreover, at such time as this evaluation process reveals questions associated with a facet of KM Surgery Center’s operations, the program will provide a methodology to monitor, analyze, and improve performance. ... A Quality Improvement (“QI”) Program will be developed. ... The QI program is designed to ensure the delivery of the highest quality of care to KM Surgery Center’s patients and to increase the probability of desired outcomes.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 110, the applicant states:

“KM Surgery Center will not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay. KM Surgery Center will actively participate in both the Medicaid and Medicare programs.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

The applicant proposes to develop a single-specialty ophthalmic ASF with no more than one OR pursuant to the need determination in the 2022 SMFP with one procedure room.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 134, the applicant states:

“The proposed project is expected to enhance competition in Wake County by promoting cost-effectiveness, quality and access to ophthalmic surgery services. ... The proposed facility will

enhance competition in the service area by adding a new option for ophthalmic surgery services with superior patient access.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 134, the applicant states:

“Single-specialty ASCs have lower equipment and supply costs than multi-specialty centers. Staff productivity is higher because the staff must master a narrower range of procedure.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 134-135, the applicant states:

“The project will promote safety and quality when performing ophthalmic surgeries and procedures. The proposed ASC will be accredited by the Accreditation Association for Ambulatory Health Care (AAAHC). ... The proposed project will enhance the quality delivery of ophthalmic services in the service area. The specialized care available at a dedicated ophthalmic surgery center includes staff trained and experienced in the exclusive care of ophthalmic patients, creating a level of expertise and familiarity uncommon at multi-specialty surgery centers.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 135, the applicant states:

“The proposed facility will not deny healthcare to any patient solely based on age, race, physical ability, or sex. ... Oakview ASC will develop outreach programs that offer free or reduced-cost services to patients without the means to pay for necessary surgical ophthalmic care ...”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

The applicant proposes to develop an ASF with no more than one OR pursuant to the need determination in the 2022 SMFP and two procedure rooms for vascular access procedures.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 116, the applicant states:

“The Cary ASF will promote competition in the service area because the project will enable surgeons to better meet the needs of the existing vascular access patient population, and to ensure timely provision of and convenient access to high quality, cost-effective outpatient surgical services for residents of Wake County and surrounding areas.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 117, the applicant states:

“Currently, there is just one licensed ASF that specialize in vascular access services for ESRD patients in the service area... This OR project will make lower cost vascular access surgery more broadly available to credentialed surgeons and their patients. TVC will be a lower charge, lower reimbursement facility.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 119, the applicant states:

“TVC will be dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established for ambulatory surgical facilities.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 120, the applicant states:

“TVC is committed to providing services to all persons, regardless of race, ethnicity, gender, age, religion, creed, disability, national origin, or ability to pay, as demonstrated in the non-discrimination policies provide in Exhibit C.6.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

The applicant proposes to add no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.

In Section N, page 109, and Section B, pages 27-32, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any

enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

The applicant proposes to add no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more 59 acute care beds upon project completion.

In Section N, page 108, and Section B, pages 27-32, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP for a total of 30 ORs (not including C-Section, Trauma and Burn ORs).

In Section N, page 110, and Section B, pages 27-32, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2022 SMFP which is a change in scope to CON Project ID# J-11557-18 (develop a new ASF with one OR and five procedure rooms) for a total of 3 ORs and 3 procedure rooms upon completion of this project and Project ID# J-11557-18.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 113, the applicant states:

“The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County because it will allow DUHS to create a new point of access for hospital services and to better meet the needs of its existing patient population and to ensure the timely provision of services in a convenient new location.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 113, the applicant states:

“This project will not affect the cost to patients or payors for the services provided by Duke Health Green Level ASC because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that DUHS will continue to provide high-quality services that are accessible to patients.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 114, the applicant states:

“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 114, the applicant states:

“DUHS will continue to have a policy to provide services to all patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

The applicant proposes to develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 89, the applicant states:

“The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County. By ensuring sufficient capacity to meet demand for DRAH’s acute care inpatient services, this project will increase patient choice for patients throughout the service area and beyond.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 89, the applicant states:

“This project will not affect the cost to patients or payors for the services provided by DRAH because reimbursement rates are set by the federal government and commercial insurers. The nominal capital expenditure for this project is necessary to ensure that DUHS will continue to provide high-quality services that are accessible to patients.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 89, the applicant states:

“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 90, the applicant states: *(summarize or short quote)*

“DUHS will continue to have a policy to provide services to all patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

The applicant proposes to develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 159, the applicant states:

"It is expected that the proposed project will have a positive effect on competition in the proposed service area. ... There are no existing acute care hospitals in the growing and aging Garner community. Currently, these patients travel into Raleigh, Cary, or Holly Springs, or to facilities in other counties, to access inpatient hospital services when necessary."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 160, the applicant states:

“WakeMed Garner Hospital will offer a unique opportunity for WakeMed to contain healthcare costs and maximize healthcare benefit while also ensuring that patients have adequate, timely access to acute care and surgical services. ... The construction of the Garner Hospital will also significantly reduce the transportation burdens and costs associated with ambulance or other medical transport... While a new hospital is a large capital expense, WakeMed is proposing a relatively small community hospital ... with space for future expansion as needed. This project will balance cost with the most effective approach to meet the acute care and surgical needs of Wake County residents...”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 160, the applicant states:

“WakeMed strives to provide high-quality services to all. Because WakeMed Garner will be a campus of WakeMed Raleigh, it will follow and maintain the same quality and performance improvement policies and programs already established at WakeMed.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 161, the applicant states:

“The proposed project will allow WakeMed to alleviate capacity constraints at its flagship hospital by redirecting lower acuity patients from the service area who choose WakeMed as their provider and currently travel to WakeMed Raleigh for care. It will also expand access to care for its patients in Garner and surrounding communities that currently lack adequate access to hospital-based care. ... WakeMed facilities do not discriminate against any patient based on income, age, gender, ethnicity, physical handicap, ability to pay, or insurance coverage.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.

- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (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

Oakview ASC
Triangle Vascular Care
UNC REX Hospital (Beds)
UNC REX Holly Springs Hospital
UNC REX Hospital (ORs)
Duke Green Level ASC
Duke Raleigh Hospital
WakeMed Garner Hospital

NA

KM Surgery Center

Project ID # J-12248-22/ KM Surgery Center/ Develop an ASF with 1 OR and 2 procedure rooms

Neither the applicant nor any related entities own, operate, or manage an existing health service facility located in North Carolina. Therefore, Criterion (20) is not applicable to this review.

Project ID # J-12252-22/ Oakview ASC/ Develop an ASF with 1 OR and 1 procedure room

In Section Q, Form O, page 182, the applicant identifies one ambulatory surgical facility located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O.5, pages 137-138, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at the facility, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12253-22/ Triangle Vascular Care/ Develop an ASF with 1 OR and 2 procedure rooms

In Section Q, Form O, page 152, the applicant identifies two ambulatory surgical facilities located in North Carolina owned, operated, or managed by the applicant or a related entity.

In Section O.5, page 125, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at both facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12258-22/ UNC REX Hospital/ Add 36 AC beds

In Section Q, Form O, the applicant identifies twelve hospitals and eight ambulatory surgical facilities (six existing and two approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 18 existing facilities of this type located in North Carolina.

In Section O.4, pages 112-114, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents occurred in three of these facilities; UNC Heath Blue Ridge, UNC Hospitals at Chapel Hill and UNC REX Hospital. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR a survey dated June 17, 2022, found an incident that involved immediate jeopardy at UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge. Furthermore, according to the files in the Acute and Home Care Licensure and Certification Section, DHSR all three facilities, UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge, are back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all of the applicant's facilities, the applicant provided sufficient

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

Project ID # J-12259-22/ UNC REX Holly Springs Hospital/ Add 9 AC beds

In Section Q, Form O, the applicant identifies twelve hospitals and eight ambulatory surgical facilities (six existing and two approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 18 existing facilities of this type located in North Carolina.

In Section O.4, pages 111-112, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents occurred in three of these facilities; UNC Health Blue Ridge, UNC Hospitals and UNC REX Hospital. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR a survey dated June 17, 2022, found an incident that involved immediate jeopardy at UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge. Furthermore, according to the files in the Acute and Home Care Licensure and Certification Section, DHSR all three facilities, UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge, are back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all of the applicant's facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12260-22/ UNC REX Hospital/ Add 2 ORs

In Section Q, Form O, the applicant identifies twelve hospitals and eight ambulatory surgical facilities (six existing and two approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 18 existing facilities of this type located in North Carolina.

In Section O.4, pages 113-114, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents occurred in three of these facilities; UNC Health Blue Ridge, UNC Hospitals and UNC REX Hospital. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR a survey dated June 17, 2022, found an incident that involved immediate jeopardy at UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge. Furthermore, according to the files in the Acute and Home Care Licensure and Certification Section, DHSR all three facilities, UNC Hospitals at Chapel Hill, UNC Hospitals Hillsborough Campus and UNC Health Blue Ridge, are back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all of the applicant's facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12261-22/ Duke Green Level ASC/ Add 2 ORs

In Section Q, Form O, the applicant identifies four hospitals (three existing and one approved) and seven ambulatory surgical facilities (two existing and operational, one existing and not operational and four approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of five existing facilities of this type located in North Carolina.

In Section O.4 and O.5, page 117, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all five facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12263-22/ Duke Raleigh Hospital/ Add 45 AC beds

In Section Q, Form O, the applicant identifies four hospitals (three existing and one approved) and seven ambulatory surgical facilities (two existing and operational, one existing and not operational and four approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of five existing facilities of this type located in North Carolina.

In Section O.4 and O.5, pages 93-94, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all five facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # J-12264-22/ WakeMed Garner Hospital/ Develop a new hospital with 31 AC beds and 2 ORs

In Section Q, Form O, page 227, the applicant identifies two hospitals and three ambulatory surgical facilities (one existing and two approved) located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 170, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing

and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all three facilities, the applicant 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.

G.S. 131E-183(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

All Applications

SECTION .3800 – CRITERIA AND STANDARDS FOR ACUTE CARE BEDS are applicable to:

- Project ID #J-12258-22/ **UNC REX Hospital**/ Develop no more than 36 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 475 acute care beds at UNC REX Hospital upon project completion.
- Project ID #J-12259-22/ **UNC REX Holly Springs Hospital**/ Develop no more than 9 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 59 acute care beds upon project completion.
- Project ID #J-12263-22/ **Duke Raleigh Hospital**/ Develop no more than 45 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 191 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared ORs from Duke Raleigh Hospital).
- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

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

- C- **UNC REX Hospital-36 AC Beds.** The applicant proposes to develop 36 additional acute care beds at UNC REX Hospital. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with UNC REX Hospital, is greater than 200. The applicant projects a utilization rate of 80.8% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with UNC REX Hospital, is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **UNC REX Holly Springs Hospital.** The applicant proposes to develop 9 additional acute care beds at UNC REX Holly Springs Hospital. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with UNC REX Holly Springs Hospital, is greater than 200. The applicant projects a utilization rate of 80.8% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with UNC REX Holly Springs Hospital, is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Duke Raleigh Hospital.** The applicant proposes to develop 45 additional acute care beds at Duke Raleigh Hospital. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with DUHS is between 100 and 200 patients. The applicant projects a utilization rate of 72.1% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with DUHS, is reasonably projected to be at least 71.4% by the end of the third

operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **WakeMed Garner Hospital.** The applicant proposes to develop 9 additional acute care beds at WakeMed Garner Hospital and relocate 22 existing acute care beds from WakeMed Raleigh Campus for a total of 31 acute care beds. The projected ADC of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with WakeMed, is greater than 200. The applicant projects a utilization rate of 82.4% by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with WakeMed, is reasonably projected to be at least 75.2% by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

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

- C- **UNC REX Hospital.** See Section C, pages 40-54, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **UNC REX Holly Springs Hospital.** See Section C, pages 39-51, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Duke Raleigh Hospital.** See Section C, pages 32-43, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **WakeMed Garner Hospital.** See Section C, pages 53-83, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS are applicable to:

- Project ID # J-12248-22/ **KM Surgery Center**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID # J-12252-22/ **Oakview ASC**/ Develop an ASF with 1 OR and 1 procedure room
- Project ID #J-12253-22/ **Triangle Vascular Care**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID #J-12260-22/ **UNC Hospital**/ Add 2 ORs
- Project ID #J-12261-22/ **Duke Green Level ASC**/ Add 2 ORs
- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with 31 AC beds and 2 ORs

10A NCAC 14C .2103 PERFORMANCE STANDARDS

- (a) *An applicant proposing to increase the number of operating rooms, excluding dedicated C-section operating rooms, in a service area shall demonstrate the need for the number of proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan. The applicant is not required to use the population growth factor.*
- C- KM Surgery Center.** This proposal is to develop a new multi-specialty ASF with one OR and two procedure rooms. The applicant projects sufficient surgical cases and hours to demonstrate the need for one OR in the Wake County service area in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- Oakview ASC, LLC.** This proposal would develop a new single-specialty ophthalmic ASF with one OR and one procedure room. The applicant projects sufficient surgical cases and hours to demonstrate the need for one OR in the Wake County service area in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- Triangle Vascular Care.** This proposal would develop a new ASF with one OR and one procedure room. The applicant projects sufficient surgical cases and hours to

demonstrate the need for one OR in the Wake County service area in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **UNC REX Hospital.** This proposal would develop two additional ORs at an existing hospital. The applicant projects sufficient surgical cases and hours to demonstrate the need for two ORs in the applicant's health system in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Duke Green Level ASC.** This proposal would develop two new ORs at an approved, but not yet developed, ASF. The applicant projects sufficient surgical cases and hours to demonstrate the need for two additional ORs in the applicant's health system in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **WakeMed Garner Hospital.** This proposal would develop a new hospital by relocating no more than 22 acute care beds from WakeMed Raleigh Campus and developing no more than 9 new acute care beds for a total of 31 acute care beds and no more than two ORs. The applicant projects sufficient surgical cases and hours to demonstrate the need for two additional ORs in the applicant's health system in the third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology in the 2022 SMFP. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (b) *The applicant shall provide the assumptions and methodology used for the projected utilization required by this Rule.*
- C- **KM Surgery Center.** In Section Q, Form C.3b and Utilization Assumptions and Calculations, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- C- **Oakview ASC, LLC.** In Section Q, Form C.3b and Form C.3b Methodology and Assumptions, pages 146-155, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- C- **Triangle Vascular Care.** In Section Q, Form C.3a, Form C.3b and Form C Utilization Projection Methodology and Assumptions, pages 129-141, the applicant provides the assumptions and methodology used in the development of the projections required by

this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

- C- **UNC REX Hospital.** In Section Q, Form C.3a, Form C.3b and Form C Assumptions and Methodology, pages 1-23, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- C- **Duke Green Level ASC.** In Section Q, Form C.3a, Form C.3b and Form C.3a and C.3b Utilization-Assumptions and Methodology, pages 121-144, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- C- **WakeMed Garner Hospital.** In Section Q, Form C.3b and Forms C and D Utilization-Methodology and Assumptions for Projecting Utilization of WakeMed Garner Service Components and WakeMed System Utilization, pages 178-214, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

SECTION .3900 – CRITERIA AND STANDARDS FOR GASTROINTESTINAL ENDOSCOPY PROCEDURE ROOMS IN LICENSED HEALTH CARE FACILITIES are applicable to:

- Project ID #J-12264-22/ **WakeMed Garner Hospital/** Develop a new hospital with 31 AC beds and 2 ORs

10A NCAC 14C .3903 PERFORMANCE STANDARDS

An applicant proposing to develop a new GI endoscopy room in a licensed health service facility shall:

- (1) identify the proposed service area;
- C- The applicant proposes to develop one new GI endoscopy room at the proposed WakeMed Garner Hospital. The service area is Wake County.
- (2) identify all existing and approved GI endoscopy rooms owned or operated by the applicant or a related entity located in the proposed service area;
- C- In Section C, page 107, and in Section Q, the applicant identifies all existing and approved GI endoscopy rooms owned or operated by the applicant and/or a related entity in Wake County.

- (3) provide projected utilization for each of the first three full fiscal years of operation following completion of the project for all GI endoscopy rooms identified in Item (2) of this Rule.

- C- In Section C, page 107, and in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation for all existing and approved GI endoscopy rooms owned or operated by the applicant and/or a related entity in Wake County.

- (4) project to perform an average of at least 1,500 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the project in the GI endoscopy rooms identified in Item (2) of this Rule; and

- C- In Section C, page 108, and in Section Q, the applicant provides projected utilization demonstrating an average of at least 1,500 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the proposed project for all existing, approved and proposed GI endoscopy rooms owned or operated by the applicant and/or a related entity in Wake County.

- (5) provide the assumptions and methodology used to project the utilization required by this Rule.

- C- In Section Q, the applicant provides the assumptions and methodology used to project GI Endo procedures at the proposed facility. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

COMPARATIVE ANALYSIS FOR OPERATING ROOMS

Pursuant to G.S. 131E-183(a)(1) and the 2022 SMFP, no more than two operating rooms may be approved for Wake County in this review. Because the six applications in this review applying for operating rooms collectively propose to develop nine additional operating rooms, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposals should be approved.

Because of the significant differences in types of facilities, numbers of total ORs, numbers of projected surgeries, types of proposed surgical services offered, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size proposing like services and reporting in like formats.

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) with regard to specific comparative analysis factors is determined in part by whether or not the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Below is a brief description of each project included in the Operating Room Comparative Analysis:

- Project ID # J-12248-22/ **KM Surgery Center**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID # J-12252-22/ **Oakview ASC**/ Develop an ASF with 1 OR and 1 procedure room
- Project ID #J-12253-22/ **Triangle Vascular Care**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID #J-12260-22/ **Rex Hospital**/ Add 2 ORs
- Project ID #J-12261-22/ **Duke Green Level ASC**/ Add 2 ORs
- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with 31 AC beds and 2 ORs

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. All applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

KM Surgery Center, Oakview ASC, LLC, Triangle Vascular Care and Duke Green Level ASC are all proposed or approved but not yet developed ASFs that will provide outpatient surgical services only in an ambulatory surgical facility.

UNC REX Hospital (existing) and WakeMed Garner Hospital (proposed) are both acute care hospitals which provide, or will provide, numerous types of surgical services, both inpatient and outpatient in a hospital.

Therefore, **UNC REX Hospital and WakeMed Garner Hospital** are more effective alternatives with respect to this comparative factor and **KM Surgery Center, Oakview ASC, LLC, Triangle Vascular Care and Duke Green Level ASC** are less effective alternatives.

Geographic Accessibility

The following table identifies the existing and approved Wake County operating rooms by location and facility name. As the table below shows, the existing and approved Wake County operating rooms are located in Raleigh, North Raleigh, Cary, Garner and Holly Springs.

Wake County Operating Room Inventory and Cases

Facility	Type	Address	# of ORs**	County
Duke Green Level Hospital	Hospital	3208 Green Level W. Road, Cary 27519	2	Western Wake
Duke Health Green Level ASC	ASF	3208 Green Level W. Road, Cary 27519	1	Western Wake
Rex Surgery Center of Cary	ASF	1505 SW Cary Parkway, Cary 27511	4	Central/West Wake
Raleigh Orthopedic Surgery-West Cary	ASF	Intersection of Highway 55 & McCrimmon Parkway, Cary 27519	1	Central/West Wake
WakeMed Cary Hospital	Hospital	1900 Kildaire Farm Road, Cary 27518	10	Central/West Wake
WakeMed Surgery Center-Cary	ASF	Ashville Ave (200 Block), Cary 27610	1	Central/West Wake
TOTAL- CARY			19	
Duke Health Garner ASC	ASF	1011 New Rand Road, Garner, 27529	1	South/Southeast Wake
Orthopaedic Surgery Center of Garner	ASF	1400 Timber Drive East, Garner 27529	1	South/Southeast Wake
Valleygate Surgery Center	ASF	865 US-70 Hwy W, Garner, 27529	1	South/Southeast Wake
TOTAL-GARNER			3	
UNC REX Holly Springs Hospital	Hospital	704 Avent Ferry Road, Holly Springs 27540	3	Western Wake
Holly Springs Surgery Center	ASF	600 Village Walk Drive, Holly Springs 27504	3	West/Southwest Wake
TOTAL-HOLLY SPRINGS			6	
Duke Health Raleigh ASC	ASF	3300 Executive Drive, Raleigh 27609	1	Central Wake
Duke Raleigh Hospital	Hospital	3400 Wake Forest Road, Raleigh 27609	12	Central Wake
Raleigh Orthopedic Surgery Center	ASF	3001 Edwards Mill Road, Raleigh 27612	4	Central Wake
Rex Surgery Center of Wakefield	ASF	11200 Governor Manly Way, Raleigh 27614	2	Central/North Wake
UNC REX Hospital	Hospital	4420 Lake Boone Drive, Raleigh 27607	25	Central Wake
WakeMed Surgery Center-North Raleigh	ASF	10004 Falls of Neuse Road, Raleigh, 27614	1	Central Wake
Capital City Surgery Center	ASF	23 Sunnybrook Road, Raleigh 27610	7	Central Wake
WakeMed Raleigh Campus	Hospital	3000 New Bern Ave, Raleigh 27610	19	Central Wake
WakeMed North Hospital	Hospital	10000 Falls of Neuse Road, Raleigh, 27614	4	Central/North Wake
OrthoNC ASC	ASF	11221 Galleria Ave, Raleigh 27614	1	Northern Wake
RAC Surgery Center	ASF	3031 New Bern Ave, Raleigh 27610	1	Central Wake
Surgical Center for Dental Professionals of Raleigh*	ASF	2209 Century Drive, Raleigh 27612	0	
Blue Ridge Surgery Center	ASF	2308 Wesvill Court, Raleigh 27607	6	Central/North Wake
Raleigh Plastic Surgery Center	ASF	1112 Dresser Court, Raleigh 27609	1	Central/North Wake
Triangle Surgery Center	ASF	7921 ACC Blvd, Raleigh, 27617	3	NorthWest Wake
Wake Spine and Specialty Surgery Center	ASF	5241 E. Six Forks Road, Raleigh, 28704	1	Central/North Wake
TOTAL-RALEIGH			88	

* This is a dental single-specialty ambulatory surgery demonstration project that is in the inventory but is not included in need determination calculations.

In this review six applicants are proposing to develop operating rooms in three areas of Wake County: Garner, Cary and Raleigh. **KM Surgery Center, Oakview ASC, LLC and UNC REX Hospital** propose to develop the additional operating rooms in Raleigh; **Triangle Vascular Care and Duke Green Level ASC** propose to develop additional operating rooms in Cary; and **WakeMed Garner Hospital** proposes to develop two operating rooms in Garner. As shown in the table above, Raleigh has 88 existing or approved ORs in both hospitals and ASFs; Cary has 19 existing or approved ORs in both hospitals and ASF's and Garner has 3 approved ORs in ASFs but no ORs in a hospital.

The Project Analyst notes that Garner (South/ Southeast Area of Wake County) is a rapidly expanding area of Wake County in terms of both population and traffic corridors (specifically I-540) that in addition to only having 3 approved ORs in ASFs also has no acute care beds. Furthermore, the WakeMed Garner Hospital application was not a stand-alone application for just ORs but rather a comprehensive application to develop a new hospital with 31 acute care beds and 2 ORs by developing 9 new acute care beds, relocating 22 acute care beds from WakeMed Raleigh Campus and develop 2 new ORs. Acute care beds cannot be developed without ORs. The current review cycle was unique in that ORs and acute care beds have not been available in the same review cycle in Wake County since the 2011 SMFP and thus a new hospital comprised (in whole or in part) of both new acute care beds and new ORs has not been a possibility in Wake County since the 2011 SMFP review cycle. Four applicants applied for the acute care beds. **WakeMed Garner Hospital** was determined to be a most effective alternative for the acute care beds compared to the other applicants. Pursuant to Chapter 5 of the 2022 SMFP, a “qualified applicant” to develop new acute care beds must be able to provide surgical services to inpatients.

Locating ORs in the geographic area of Garner (South/Southeast Area of Wake County) means not just locating inpatient/outpatient (shared) ORs in this geographic area but also locating acute care beds in this geographic area of Wake County that currently has no acute care beds. This includes the fact that the proposed hospital (and ORs) would be open 24 hours 365 days per year. In the last full fiscal year (FY2021) the free standing emergency department at the WakeMed HealthPlex had 32,743 visits. The proposed project involves that free standing emergency department relocating from its current location to the proposed WakeMed Garner Hospital, approximately 0.6 miles.

Per the 2023 SMFP the hospitals in the WakeMed health system in Wake County have a deficit of 6.18 ORs. The importance of this is that the projected OR deficit for 2025 is based on actual historic surgical cases as opposed to projected cases.

Wake County: Table 6B: Projected Operating Room Need for 2025

Types of Facilities	# of Facilities	Adjusted Planning Inventory	Projected Deficit/ Surplus (Surplus shown as “-“)
Hospitals	7 Existing or Approved	75	13.28
Ambulatory Surgery Facilities	19 Existing or Approved*	41	-17.24

* The Surgical Center for Dental Professionals was not included in the total as it is an ambulatory surgery demonstration project included in the inventory, but not included in the need determination.

Per the 2023 SMFP the 18 ASF’s (existing or approved) currently show a surplus of 17.24 ORs and the 7 Hospitals (existing or approved) currently show a deficit of 13.28 ORs.

Therefore, regarding expanding geographic access to surgical services, the application of **WakeMed Garner Hospital** is the most effective alternative and the applications submitted by **KM Surgery Center, Oakview ASC, Triangle Vascular Care, UNC REX Hospital** and **Duke Green Level ASC** are less effective with respect to this comparative factor.

Patient Access to Lower Cost Surgical Services

There are currently 116 existing or approved ORs (excluding dedicated C-Section, burn and trauma ORs) in the Wake County OR service area. ORs can be licensed as part of a hospital or an ASF. Based on the applications, written comments, and response to comments, many outpatient surgical services can be appropriately performed in either a hospital-based OR (either shared inpatient/outpatient ORs or dedicated ambulatory surgery ORs) or in an OR located at an ASF. However, the cost for that same service will often be higher if performed in a hospital-based OR or, conversely, less expensive if performed in an OR located at an ASF. While many outpatient surgical services can be performed in an OR located at an ASF, not all outpatient surgery cases are appropriate for an OR located at an ASF and even though outpatient the surgery must be performed in a hospital based OR, and all inpatient surgical services must be performed in a hospital-based OR.

UNC REX Hospital (existing) and **WakeMed Garner Hospital** (proposed) are both acute care hospitals which provide, or will provide, numerous types of OR surgical services, both inpatient and outpatient, in a hospital.

KM Surgery Center, Oakview ASC, LLC, Triangle Vascular Care and **Duke Green Level ASC** are all proposed or approved, but not yet developed, ASFs that will provide OR outpatient surgical services only in an ambulatory surgical facility [not operating under a hospital license].

Therefore, as to patient access to lower cost outpatient OR surgical services the applications submitted by **KM Surgery Center, Oakview ASC, LLC, Triangle Vascular Care** and **Duke Green Level ASC** are the more effective proposals with respect to this comparative factor and the applications submitted by **UNC REX Hospital** and **WakeMed Garner Hospital** are less effective with respect to this comparative factor.

Historical Utilization

Generally, applications proposing to develop additional operating rooms in the health systems with the highest projected operating room deficits are the more effective alternative with regard to this comparative factor.

The following table shows projected operating room surplus or deficit in the health systems in Wake County who have submitted applications in this review. The table is based on data from the 2023 SMFP which is based on the most recent License Renewal Application (LRA) data as of September 30, 2021.

Projected 2025 Operating Room Need for Wake County by Health System

	Adjusted Planning Inventory	Projected OR Deficit/Surplus. Surplus shown as a “- “
Duke University Health System Total	17	0.29
UNC Health Care System Total	40	-0.57
WakeMed System Total	42	3.23
RAC Surgery Center (aka Raleigh Access Center) to be called The Fresenius System for purposes of this review.	1	-0.94

Source: 2023 SMFP, Table 6B, pages 76-77.

There are six applications for the two ORs in the 2022 SMFP OR need determination for Wake County: KM Surgery Center, Oakview ASC, Triangle Vascular Care, UNC REX Hospital, Duke Green Level ASC and WakeMed Garner Hospital.

KM Surgery Center and Oakview ASC are proposed new ASFs with no historical utilization. In addition, neither are part of any existing health system in Wake County. UNC REX Hospital (existing facility), Duke Green Level ASC (approved but not developed) and WakeMed Garner Hospital (proposed) are all part of existing health systems in Wake County that currently offer surgical services. Respectively these are UNC Health System, Duke University Health System, and WakeMed Health System. Triangle Vascular Care is also part of a health system with RAC Surgery Center (The Fresenius System). Therefore, while Triangle Vascular Care, Duke Green Level ASC and WakeMed Garner Hospital are either approved but undeveloped or proposed projects and thus have no existing history of surgical services utilization themselves, the historical utilization of their respective health systems can be analyzed.

As shown in the table above, based on the most recent LRA data WakeMed Health System has a deficit of 3.23 ORs, Duke Health System has a deficit of 0.29 ORs, UNC Health System has a surplus of 0.57 ORs and Fresenius system has a surplus of 0.94 ORs. Therefore, with respect to historical utilization the proposal of WakeMed Garner Hospital is the more effective proposal with respect to this comparative factor applied to the hospital systems.

However, as noted above, **KM Surgery Center** and **Oakview ASC** have no historical utilization. Therefore, a comparison of historical utilization cannot be effectively evaluated.

Competition (Patient Access to a New or Alternative Provider)

Generally, the introduction of a new provider in the service area would be the more effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer operating rooms than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facilities in this review are in Wake County. Thus, the operating

room service area for this review is Wake County. Facilities may also serve residents of counties not included in the service area.

UNC REX Hospital currently provides OR services in Wake County. **Duke Green Level ASC** is wholly owned by DUHS. DUHS and related entities currently provide OR services in Wake County. **WakeMed Garner Hospital** is wholly owned by WakeMed. WakeMed currently provides OR services in Wake County. **Triangle Vascular Care** is part of the Fresenius system which currently provides OR services in Wake County. **KM Surgery Center and Oakview ASC, LLC** do not currently provide OR services in Wake County.

Therefore, **KM Surgery Center and Oakview ASC, LLC** would qualify as a new or alternative provider in the service area. Therefore, regarding this comparative factor, the applications submitted by **KM Surgery Center and Oakview ASC, LLC** are both equally more effective alternatives and **Triangle Vascular Care, UNC REX Hospital, Duke Green Level ASC and WakeMed Garner Hospital** are all less effective alternatives with respect to this comparative factor.

Access by Service Area Residents

On page 49, the 2022 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 55 of the 2022 SMFP, Wake County is shown as a single county operating room service area. The facilities in this review are in Wake County. Thus, the operating room service area for this application is Wake County. Facilities may also serve residents of counties not included in the service area.

Generally, the application projecting to serve the highest percentage of Wake County residents is the more effective alternative with regard to this comparative factor since the need determination is for two additional operating rooms to be located in the Wake county service area.

3rd Full FY

Applicant	# of Wake County Patients	Total Patients	% of Wake County Patients
KM Surgery Center	873	1,164	75.00%
Oakview ASC	1,732	2,495	69.40%
Triangle Vascular Care	124	729	16.97%
UNC REX Hospital	14,344	22,776	63.00%
Duke Green Level ASC	1,675	3,279	51.10%

Source: Section C.3 (all applications)

3rd Full FY

Applicant	# of Wake County Patients	Total Patients	% of Wake County Residents
WakeMed Garner Hospital	Cannot be Determined	2,499	Cannot be Determined

Source: Section C.3 of the application

As shown in the tables above, of the five proposals that provided the data, **KM Surgery Center**

projects to serve the highest percentage of Wake County residents during the third full fiscal year of operation following project completion. However, the percentage of Wake County residents for the third full fiscal year of surgical services at WakeMed Garner Hospital could not be determined as the patient origin was provided by ZIP code, several of which crossed county lines. Therefore, the proposal of **WakeMed Garner Hospital** cannot be effectively evaluated as part of this comparison.

In addition, differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, multi-specialty ASF, single specialty ASF, etc.) at each facility, and the number and types of surgical services vs. all patient services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Access by Underserved Groups

“Underserved groups” is defined in G.S. 131E-183(a)(13) as follows:

“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.”

Projected Medicare

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicare patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage to services to Medicare patients is the more effective alternative with regard to this comparative factor.

Services to Medicare Patients: Operating Rooms - Project Year 3

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare % of Total Gross Revenue
Oakview ASC	\$3,719,196	\$5,157,285	72.12%
Triangle	\$10,896,227	\$13,278,366	82.06%
UNC Rex Hospital	\$336,212,919	\$772,325,837	43.53%
Duke Green Level ASC	\$17,131,645	\$41,177,459	41.60%

Source: Form F.2 for each applicant.

Services to Medicare Patients: Entire Facility- Project Year 3

	Medicare Gross Revenue
KM Surgery Center*	\$7,316,597
WakeMed Garner Hospital**	\$195,740,235

Source: Forms F.2, the applicants did not provide a Form F.2 for OR services alone.

*KM Surgery Center only provided for gross revenue and Medicare gross revenue for the entire facility which includes both surgical cases and procedure room cases.

**In addition to the providing gross revenue and Medicare gross revenue for the entire facility WakeMed Garner Hospital also provided gross revenue and Medicare gross revenue for inpatient services and outpatient operating rooms but did not provide gross revenue and Medicare gross revenue net revenue for only all operating room cases (inpatient and outpatient).

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, multi-specialty ASF, single specialty ASF, etc.) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Medicaid

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicaid patients is the more effective alternative with regard to this comparative factor.

Services to Medicaid Patients: Operating Rooms Only - Project Year 3

	Medicaid Gross Revenue	Total Gross Revenue	Medicaid % of Total Gross Revenue
Oakview ASC	\$24,795	\$5,157,285	0.5%
Triangle	\$585,576	\$13,278,366	4.4%
Rex-2 ORs	\$35,655,233	\$772,325,837	4.6%
Duke Green Level ASC	\$1,419,298	\$41,177,459	3.5%

Source: Form F.2 for each applicant.

Services to Medicaid Patients: Entire Facility- Project Year 3

	Medicaid Gross Revenue
KM Surgery Center*	\$499,836
WakeMed Garner Hospital**	\$107,070,613

Source: Forms F.2, the applicant did not provide a Form F.2 for OR services alone.

*KM Surgery Center only provided for gross revenue and Medicaid gross revenue for the entire facility which includes both surgical cases and procedure room cases.

**In addition to the providing gross revenue and Medicaid gross revenue for the entire facility WakeMed Garner Hospital also provided gross revenue and Medicaid gross revenue for inpatient services and outpatient operating rooms but did not provide gross revenue and Medicaid gross revenue net revenue for only all operating room cases (inpatient and outpatient).

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, multi-specialty ASF, single specialty ASF, etc.) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Average Net Revenue per Case

The following table shows the projected average net revenue per surgical case in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average net revenue per surgical case is the more effective alternative with regard to this comparative factor since a lower average may indicate a lower cost to the patient or third-party payor.

Net Revenue per Surgical Case - Project Year 3

	Net Revenue	# of Cases	Net Revenue/Case
Oakview ASC	\$2,722,058	2,495	\$1,091
Triangle	\$4,226,955	729	\$5,798
Rex-2 ORs	\$252,596,640	22,776	\$11,090
Duke Green Level ASC	\$15,663,253	3,279	\$4,777

Source: Form F.2 for each application.

Net Revenue per Entire Facility- Project Year 3

	Net Revenue
KM Surgery Center*	\$7,074,418
WakeMed Garner Hospital**	\$121,711,491

Source: Forms F.2, the applicant did not provide a Form F.2 for OR services alone.

*KM Surgery Center only provided net revenue for the entire facility which includes both surgical cases and procedure room cases.

**In addition to the providing net revenue for the entire facility WakeMed Garner Hospital also provided net revenue for inpatient services and outpatient operating rooms but did not provide net revenue for all operating rooms (inpatient and outpatient).

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, multi-specialty ASF, single specialty ASF, etc.) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Average Operating Expense per Case

The following table shows the projected average operating expense per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average operating expense per surgical case is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Operating Expense per Surgical Case - Project Year 3

	Operating Expense	# of Surgical Cases	Operating Expense per Surgical Case
Oakview ASC	\$2,452,508	2,495	\$983
Triangle	\$2,149,140	729	\$2,948
Rex-2 ORs	\$205,748,067	22,776	\$9,034
Duke Green Level ASC	\$11,289,982	3,279	\$3,443

Source: Forms F.2 in each application.

Operating Expense per Entire Facility- Project Year 3

	Operating Expense
KM Surgery Center*	\$5,076,781
WakeMed Garner Hospital**	\$103,496,891

Source: Forms F.2, the applicant did not provide a Form F.2 for OR services alone.

*KM Surgery Center expenses are only provided for the entire facility which includes both surgical cases and procedure room cases.

**WakeMed Garner Hospital also provided operating expenses for inpatient services and outpatient operating rooms but did not provide operating expenses for all operating rooms (inpatient and outpatient).

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, multi-specialty ASF, single specialty ASF, etc.) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

SUMMARY

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	KM Surgery	Oakview ASC	Triangle Vascular	UNC REX	Duke Green Level ASC	WakeMed Garner
Conformity with Review Criteria	Yes	Yes	Yes	Yes	Yes	Yes
Scope of Services	Less Effective	Less Effective	Less Effective	More Effective	Less Effective	More Effective
Geographic Accessibility	Less Effective	Most Effective				
Patient Access to Lower Cost Surgical Services	More Effective	More Effective	More Effective	Less Effective	More Effective	Less Effective
Historical Utilization	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Competition [Access to New or Alternate Provider]	More Effective	More Effective	Less Effective	Less Effective	Less Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, all the applications are equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Scope of Services, **UNC REX Hospital** and **WakeMed Garner Hospital** offer the more effective alternatives. See Comparative Analysis for discussion.
- With respect to Geographic Accessibility, **WakeMed Garner Hospital** offers the most effective alternative. See Comparative Analysis for discussion.
- With respect to Patient Access to Low Cost Surgical Services, **KM Surgery Center**, **Oakview ASC**, **Triangle Vascular Care** and **Duke Green Level ASC** offer the more effective alternatives. See Comparative Analysis for discussion.
- With respect to Competition/Access to New or Alternate Provider, **KM Surgery Center** and **Oakview ASC** offer the more effective alternatives. See Comparative Analysis for discussion.

CONCLUSION: Operating Room Comparative Review

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of ORs that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in ORs in excess of the need determination for Wake County.

Each of the six applications submitted to develop ORs in Wake County are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose nine ORs while the need determination is for two ORs; therefore, only two ORs can be approved.

As discussed above, **KM Surgery Center** and **Oakview ASC** were determined to be the more effective alternatives for two factors:

- Competition/Access to a New Provider
- Patient Access to Lower Cost Surgical Services

As discussed above, **WakeMed Garner Hospital** was determined to be the more effective alternative for one factor:

- Scope of Services

As discussed above, **WakeMed Garner Hospital** was determined to be the most effective alternative for one factor:

- Geographic Accessibility

As discussed above, **UNC REX Hospital** was determined to be a more effective alternative for only one factor:

- Scope of Services

As discussed above, **Triangle Vascular Care** and **Duke Green Level ASC** were determined to be a more effective alternative for only one factor:

- Patient Access to Lower Cost Surgical Services

After the initial comparative review two of the six applications [**KM Surgery Center and Oakview ASC**] were determined to be more effective as to two comparative factors; one application [**WakeMed Garner Hospital**] was determined to be most or more effective as to two comparative factors; and three of the six applications [**Triangle Vascular Care, UNC REX Hospital and Duke Green Level ASC**] were determined to be more effective as to one of the comparative factors.

Thus, the OR applications of **Triangle Vascular Care**, **UNC REX Hospital** and **Duke Green Level ASC** are less effective alternatives and are hereby denied.

The three remaining applications [**KM Surgery Center**, **Oakview ASC**, and **WakeMed Garner Hospital**] are tied at two comparative factors apiece and propose to develop a total of four ORs and there are only two ORs available in the 2022 SMFP OR need determination for Wake County. Therefore, all three applications cannot be approved.

The **WakeMed Garner Hospital** application was the most effective alternative for one comparative factor and a more effective alternative for a second comparative factor while the applications of **KM Surgery Center** and **Oakview ASC** are both effective alternatives, however, neither was the most effective alternative for any comparative factor. Because of that the application for **WakeMed Garner Hospital [Project ID# J-12264-22]** is conditionally approved as submitted and the applications of **KM Surgery Center [Project ID# J-12248-22]** and **Oakview ASC [J-12252-22]** are denied.

Based upon the independent review of each application and the Comparative Analysis, the following application is conditionally approved as submitted:

- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with 31 AC beds and 2 ORs

And the following applications are denied:

- Project ID # J-12248-22/ **KM Surgery Center**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID # J-12252-22/ **Oakview ASC**/ Develop an ASF with 1 OR and 1 procedure room
- Project ID #J-12253-22/ **Triangle Vascular Care**/ Develop an ASF with 1 OR and 2 procedure rooms
- Project ID #J-12260-22/ **Rex Hospital**/ Add 2 ORs
- Project ID #J-12261-22/ **Duke Green Level ASC**/ Add 2 ORs

See Conditions at the end of the Findings.

COMPARATIVE ANALYSIS FOR ACUTE CARE BEDS

Pursuant to G.S. 131E-183(a)(1) and the 2022 State Medical Facilities Plan, no more than 45 acute care beds may be approved for the Wake County service area in this review. There are nine applications in this review. Only four of the nine applications in this review propose to develop acute care beds. Because those four applications in this review collectively propose to develop 99 additional acute care beds in the Wake County service area, all four applications cannot be approved for the total number

of beds proposed. Therefore, after considering all the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in the Acute Care Bed Comparative Analysis.

- Project ID #J-12258-22/ **UNC REX Hospital**/ Add 36 AC beds
- Project ID #J-12259-22/ **UNC REX Holly Springs Hospital**/ Add 9 AC beds
- Project ID #J-12263-22/ **Duke Raleigh Hospital**/ Add 45 AC beds
- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with 31 AC beds and 2 ORs by developing no more than 9 new acute care beds and two new ORs pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

Because of the significant differences in types of facilities, numbers of total acute care beds, numbers of projected acute care days and discharges, levels of patient acuity which can be served, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparative factors may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size proposing like services and reporting in like formats.

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) regarding specific comparative analysis factors is determined in part by whether the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Conformity with Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

All four applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

UNC REX Hospital, UNC REX Holly Springs Hospital, Duke Raleigh Hospital and WakeMed Garner Hospital all applied for acute care beds in this review.

Three applications involve existing acute care hospitals which provide numerous types of medical services. One application involves a proposed new acute care hospital proposing to offer numerous types of medical services. However, **UNC REX Hospital** is a tertiary care hospital. **UNC REX Holly Springs Hospital** (existing), **Duke Raleigh Hospital** (existing) and **WakeMed Garner Hospital** (proposed) are smaller hospitals that do not offer or propose to offer all the same types of acute care bed services as **UNC REX Hospital**.

Therefore, **UNC REX Hospital** is the more effective alternative with respect to this comparative factor and **UNC REX Holly Springs Hospital**, **Duke Raleigh Hospital** and **WakeMed Garner Hospital** are less effective alternatives with respect to this comparative factor.

Geographic Accessibility

The following table illustrates where the existing and proposed acute care beds are or are proposed to be located within Wake County.

Facility	Total Beds*	Address	Location
Duke Green Level Hospital	40	Cary	Western Wake County
WakeMed Cary Hospital	208	Cary	Central/West Wake County
Duke Raleigh Hospital	191**	Raleigh	Central Wake County
REX Hospital	439	Raleigh	Central Wake County
WakeMed Raleigh Campus***	567+ 20 approved	Raleigh	Central Wake County
WakeMed North Hospital	61+ 16 approved	North Raleigh	Central/North Wake County
UNC REX Holly Springs Hospital	59	Holly Springs	Western Wake County
WakeMed Garner Hospital***	9 new + 22 relocated	Garner	South/Southeast Wake County

*If all requested acute care beds are approved.

**Upon completion Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared operating rooms from Duke Raleigh Hospital)

***Note: If the WakeMed Garner Hospital project is approved 22 acute care beds would be relocated from the WakeMed Raleigh Campus.

UNC REX Hospital (36 AC beds) and **Duke Raleigh Hospital** (45 AC beds) both propose to develop acute care beds in Raleigh where, as shown in the table above, most acute care beds in Wake County are currently located. **UNC REX Holly Springs Hospital** proposes to develop 9 new acute care beds in Holly Springs at the existing 50 bed hospital. **WakeMed Garner Hospital** proposes to develop acute care beds (9 new and 22 relocated) in the south/ southeastern part of Wake County, in Garner, where there are currently no existing acute care beds.

The Project Analyst notes that Garner (South/ Southeast Area of Wake County) is a rapidly expanding area of Wake County in terms of both population and traffic corridors (specifically I-540). Furthermore, the WakeMed Garner Hospital application was not a stand-alone application for just acute care beds but rather a comprehensive application to develop a new hospital with 31 acute care beds and 2 ORs by developing 9 new acute care beds, relocating 22 acute care beds from WakeMed Raleigh Campus and develop 2 new ORs. Acute care beds cannot be developed without ORs. The current review cycle was unique in that acute care beds and ORs have not been available in the same review cycle in Wake County since the 2011 SMFP and thus a new hospital comprised (in whole or in part) of both new acute care beds and new ORs has not been a possibility in Wake County since the 2011 SMFP review cycle. Six applicants applied for the two ORs available in the need determination. **WakeMed Garner Hospital** was determined to be the most effective alternative for the two ORs among the applicants. Pursuant to Chapter 5 of the 2022 SMFP, a “qualified applicant” to develop new acute care beds must be able to provide surgical services to inpatients.

Locating acute care beds in the geographic area of Garner (South/Southeast Area of Wake County) means not just locating acute care beds in this geographic area but also locating ORs in this geographic area of Wake County that currently has only three approved ORs all located in ASFs. This includes the fact that the proposed hospital (and ORs) would be open 24 hours 365 days per year. In the last full fiscal year (FY2021) the free standing emergency department at the WakeMed HealthPlex had 32,743 visits. The proposed project involves that free standing emergency department relocating from its current location to the proposed WakeMed Garner Hospital, approximately 0.6 miles.

Therefore, **WakeMed Garner Hospital** is the most effective alternative regarding geographic accessibility and the proposals of **UNC REX Hospital, UNC REX Holly Springs Hospital and Duke Raleigh Hospital** are the less effective alternatives with respect to this comparative factor.

Historical Utilization

The table below shows acute care bed utilization for all existing facilities, by health system, based on acute care days as based on the data from the 2022 LRAs (which are through 9/30/2021). Generally, the applicant with the higher historical utilization is the more effective alternative with regard to this comparative analysis factor.

Historical Utilization- Wake County Service Area

Health System	Patient Days- based on most recent LRA data which is thru 9/30/21	ADC	Total Beds (Existing and Approved) as of 9/30/21.	Utilization
Duke	51,311	140.50	186	75.54%
UNC	132,776	363.52	489	74.34%
WakeMed	253,552	694.19	872	79.60%

ADC = patient days/365

UNC REX Hospital and UNC REX Holly Springs Hospital are part of the **UNC Health System**. **Duke Raleigh Hospital** is part of the **Duke Health System**. **WakeMed Garner Hospital** is part of the **WakeMed Health System**.

As shown in the table above, the WakeMed Health System had the highest historical utilization based on the most recent data from the 2022 LRA.

In addition, in the 2023 SMFP which is based on the most recent historical data (through 9/30/2021), the WakeMed Health System showed a projected bed deficit for 2025 of 57 acute care beds; the Duke Health System showed a projected bed deficit for 2025 of 17 acute care beds; and the UNC Health System showed a projected bed deficit for 2025 of 17 acute care beds.

Therefore, the **WakeMed Garner Hospital** proposal is the more effective alternative with respect to this comparative factor. The applications that are part of the UNC Health System (**UNC REX Hospital** and **UNC REX Holly Springs Hospital**) and the application that is part of the Duke Health System (**Duke Raleigh Hospital**) are less effective than the WakeMed Garner Hospital proposal with respect to these criteria.

Competition (Patient Access to a New or Alternate Provider)

Generally, the introduction of a new provider in the service area would be the more effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

As of the date of this decision, there are 1,547 existing and approved acute care beds in the Wake County service area allocated between seven existing and approved hospitals owned by three providers in the Wake County service area. The three providers are UNC (UNC REX Hospital and UNC REX Holly Springs Hospital); Duke (Duke Raleigh Hospital and Duke Green Level Hospital [approved but undeveloped]); and WakeMed (WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Cary Hospital). As noted earlier in these findings UNC REX Hospital and UNC REX Holly Springs Hospital operate under the same license, WakeMed Raleigh Campus and WakeMed North Hospital operate under the same license and WakeMed Cary Hospital operates under its own license. The proposed WakeMed Garner Hospital would operate under the same license as WakeMed Raleigh Campus and WakeMed North Hospital.

Current Acute Care Bed Allocation in Wake County

System	# of existing/approved acute care beds	% of total acute care beds
Duke	186	12.02%
UNC	489	31.61%
WakeMed	872	56.37%
Total	1,547	100.00%

Proposed Acute Care Bed Allocation in Wake County Based on Each Proposed Project

	Column	A	B	C	D	E
	System	# of existing or approved AC beds	# of AC beds proposed	Total # of AC beds if the application is approved	Projected % of total AC beds**	Current % of total AC beds
1	Duke	186	45	231	14.51%	12.02%
2	UNC	489	45	534	33.54%	31.61%
3	WakeMed	872	9	881	55.34%	56.37%
4	Total	1,547	1,592*	1,592*	100.00%	100.00%

*Total equals number of existing/approved acute care beds plus the 45 acute care beds in the 2022 SMFP need determination for Wake County.

**Column C divided by Total in column B (Row4).

Duke Health system currently controls 12.02% [186/1,547] of the existing and approved acute care beds in Wake County.

UNC Health system currently controls 31.61% [489/1547] of the existing and approved acute care beds in Wake County.

WakeMed Health system currently controls 56.37% [872/1547] of the existing and approved acute care beds in Wake County.

Therefore, regarding patient access to a new or alternate provider, the application submitted by **Duke Raleigh Hospital** is the more effective alternative with respect to this comparative factor, and the applications submitted by **UNC REX Hospital**, **UNC REX Holly Springs Hospital** and **WakeMed Garner Hospital** are the less effective alternatives.

Access by Service Area Residents

Acute Care Beds. On page 33, the 2022 SMFP defines the service area for acute care beds as "... the single and multicounty groupings shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County in a single grouping. Thus, the service area for these facilities is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

Projected Acute Care Bed Service to Wake County Service Area Residents (FY3)

Applicant	# Wake County Patients	Total Patients	% Wake County Patients
UNC REX Hospital	20,392	30,876	66.0%
UNC REX Holly Springs Hospital	3,414	4,277	79.8%
Duke Raleigh Hospital	7,241	11,471	63.1%
WakeMed Garner Hospital	Unknown	2,879	Unknown

As shown in the table above, **UNC REX Hospital** projects to serve the highest number of Wake County service area residents and **UNC REX Holly Springs Hospital** projects to serve the highest percentage of Wake County service area residents.

However, as stated in the table above, the percentage of Wake County residents for the third full fiscal year of acute care bed services at WakeMed Garner Hospital could not be determined as the patient origin was provided by ZIP code, several of which crossed county lines. Therefore, the proposal of **WakeMed Garner Hospital** cannot be effectively evaluated as part of this comparison.

However, differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital) at each facility, and the number and types of acute care bed services vs. all patient services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Furthermore, the acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in the Wake County service area and is not only based on patients originating from the Wake County service area. **UNC REX hospital** offers tertiary care; it pulls in patients from many counties. **Duke Raleigh Hospital** offers more acute care bed services than either **UNC REX Holly Springs Hospital** and **WakeMed Garner Hospital** do and/or will offer. In addition, **DUKE Raleigh** is part of the DUHS system which will help pull patients from other counties. Both **UNC REX Holly Springs Hospital (existing)** and **WakeMed Garner Hospital (proposed)** are/will be smaller hospitals. Obviously, the hospitals are different types of facilities and will offer a different scope of services.

Considering the discussion above, the Agency believes that in this specific instance attempting to compare the applicants based on the projected acute care bed access of residents of the Wake County service area would be ineffective. Therefore, the result of this analysis is inconclusive.

Access by Underserved Groups

“Underserved groups” is defined in G.S. 131E-183(a)(13) as follows:

“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 access by underserved groups, the applications in this review are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicare

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicare patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage to services to Medicare patients is the more effective alternative with regard to this comparative factor.

Acute Care Bed Services to Medicare Patients - Project Year 3

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare % of Total Gross Revenue
UNC REX Hospital	\$145,278,830	\$258,600,396	56.18%
UNC REX Holly Springs Hospital	\$17,094,236	\$29,541,611	57.86%
Duke Raleigh Hospital	\$376,224,570	\$594,905,602	63.24%

Source: Form F.2 for each applicant.

Services to Medicare Patients: Entire Facility- Project Year 3

	Medicare Gross Revenue	Total Gross Revenue
WakeMed Garner Hospital	\$195,740,235	\$571,706,695

Source: Forms F.2, the applicant did not provide a Form F.2 for Acute Care Bed services alone. WakeMed Garner Hospital only provided either the entire facility or inpatient services.

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Medicaid

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicaid patients is the more effective alternative with regard to this comparative factor.

Services to Medicaid Patients: Acute Care Beds Only - Project Year 3

	Medicaid Gross Revenue	Total Gross Revenue	Medicaid % of Total Gross Revenue
UNC REX Hospital	\$24,231,761	\$258,600,396	9.4%
UNC REX Holly Springs Hospital	\$2,819,175	\$29,541,611	9.5%
Duke Raleigh Hospital	\$47,072,128	\$594,905,602	7.9%

Source: Form F.2 for each applicant.

Services to Medicaid Patients: Entire Facility- Project Year 3

	Medicaid Gross Revenue	Total Gross Revenue
WakeMed Garner Hospital	\$107,070,613	\$571,706,695

Source: Forms F.2, the applicant did not provide a Form F.2 for Acute Care Bed services alone. WakeMed Garner Hospital only provided either the entire facility or inpatient services.

Based on the differences in presentation of pro forma financial statements, the number of patients, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Average Net Revenue per Patient

The following table shows the projected average net revenue per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average net revenue per patient is the more effective alternative with regard to this comparative factor since a lower average may indicate a lower cost to the patient or third-party payor.

Projected Average Net Revenue per Discharge (Inpatient) – 3rd Full FY			
Applicant	Total # of Discharges	Net Revenue*	Av. Net Revenue/Discharge
UNC REX Hospital	30,876	\$84,577,799	\$2,739
UNC REX Holly Springs Hospital	4,277	\$9,630,154	\$2,252
Duke Raleigh Hospital	11,471	\$181,882,640	\$15,856

Sources: Forms C and F.2 for each applicant

*Acute Care Bed Services Net Revenue.

Net Revenue per Entire Facility- Project Year 3

	Net Revenue	Total # of Admissions (NOT Discharges)
WakeMed Garner Hospital	\$121,711,491	2,879

Source: Forms F.2, the applicant did not provide a Form F.2 for Acute Care Bed services alone. WakeMed Garner Hospital also provided operating expenses for inpatient services. WakeMed Garner Hospital also provided admissions as opposed to the other facilities which provided discharges.

Based on the differences in presentation of pro forma financial statements, the number of patients, admissions versus discharges, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

Projected Average Operating Expense per Patient

The following table shows the projected average operating expense per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average operating expense per patient is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Acute Care Bed Services

Projected Average Operating Expense per Discharge (Inpatient) – 3rd Full FY			
Applicant	Total # of Discharges	Operating Expenses- Acute Care Beds	Av. Operating Expense/Discharge
UNC REX Hospital	30,876	\$183,809,070	\$5,953
UNC REX Holly Springs Hospital	4,277	\$13,965,702	\$3,265
Duke Raleigh Hospital	11,471	\$260,610,772	\$22,719

Sources: Forms C and F.2 for each applicant

Operating Expense per Entire Facility- Project Year 3

	Operating Expense	Total # of Admissions (NOT Discharges)
WakeMed Garner Hospital	\$103,496,891	2,879

Source: Forms F.2, the applicant did not provide a Form F.2 for Acute Care Bed services alone. WakeMed Garner Hospital also provided operating expenses for inpatient services. WakeMed Garner Hospital also provided admissions as opposed to the other facilities which provided discharges.

Based on the differences in presentation of pro forma financial statements, the number of patients, admissions versus discharges, and the level of care at each facility, the Agency determined it could not make a valid comparison for purposes of evaluating which application was more effective with regard to this comparative factor. Further, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in

the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above. Thus, the result of this analysis is inconclusive.

SUMMARY

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	UNC REX Hospital	UNC REX Holly Springs Hospital	Duke Raleigh Hospital	WakeMed Garner Hospital
Conformity with Review Criteria	Yes	Yes	Yes	Yes
Scope of Services	More Effective	Less Effective	Less Effective	Less Effective
Geographic Accessibility	Less Effective	Less Effective	Less Effective	Most Effective
Historical Utilization	Less Effective	Less Effective	Less Effective	More Effective
Competition/Access to New/Alternate Provider	Less Effective	Less Effective	More Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, all of the applicants are an effective alternative. See Comparative Analysis for discussion.
- With respect to Scope of Services, **UNC REX Hospital** offers the more effective alternative. See Comparative Analysis for discussion.
- With respect to Geographic Accessibility, **WakeMed Garner Hospital** offers the most effective alternative. See Comparative Analysis for discussion.
- With respect to Historical Utilization, **WakeMed Garner Hospital** offers the more effective alternative. See Comparative Analysis for discussion.
- With respect to Competition/Access to New Provider, **Duke Raleigh Hospital** offers the more effective alternative. See Comparative Analysis for discussion.

CONCLUSION

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for the Wake County service area.

All four of the applications submitted to develop acute care beds in Wake County are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 99 acute care beds while the need determination is for 45 acute care beds; therefore, only 45 acute care beds can be approved.

As discussed above, **WakeMed Garner Hospital** was determined to be the most or more effective alternative for two comparative factors:

- Geographic Accessibility
- Historical Utilization

As discussed above, **UNC REX Hospital** was determined to be the more effective alternative for one comparative factor:

- Scope of Services

As discussed above, **Duke Raleigh Hospital** was determined to be the more effective alternative for one comparative factor:

- Competition/Access to a New Provider

As discussed above, **UNC REX Holly Springs Hospital** was not determined to be the more effective alternative for any comparative factor.

The applications are individually conforming to the need determination in the 2022 SMFP for 45 acute care beds in the Wake County service area as well as individually conforming to all review criteria. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Agency.

Based upon the independent review of each application and the Comparative Analysis, the following application is conditionally approved as submitted:

- Project ID #J-12264-22/ **WakeMed Garner Hospital**/ Develop a new hospital with a total of 31 acute care beds and 2 ORs by developing no more than 9 new acute care beds and two new operating rooms pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.

There are 45 acute care beds in the 2022 SMFP need determination for Wake County. With the approval of **WakeMed Garner Hospital** for 9 of the 45 acute care beds that leaves 36 acute care beds that the Agency can still award in this review. As discussed above, **UNC REX Hospital** and **Duke Raleigh Hospital** were both determined to be more effective for one comparative factor. The Agency therefore awards 18 acute care beds to **UNC REX Hospital** and 18 acute care beds to **Duke Raleigh Hospital**. The 36 available acute care beds were divided equally between the two proposals for the following reasons: the historical utilization of the UNC Health System and the Duke Health System as discussed above, was equally effective. In addition, the 2023 SMFP, which is based on the most

recent LRA data through September 30, 2021, shows basically an equivalent deficit of acute care beds between the Duke Health System (17) and the UNC Health System (15). [It is noted that the acute care bed deficit in the 2023 SMFP is only referenced here for illustrative purposes to show the basic equivalency of the two applicants on another data point. This is not meant to imply that the awarding of 18 acute care beds to both UNC REX Hospital and Duke Raleigh Hospital was to address acute care bed deficits in the 2023 SMFP. This is to address the acute care bed need determination in the 2022 SMFP.] UNC REX Hospital and Duke Raleigh Hospital are also both located in Raleigh. In terms of access by Wake County residents in the third project year, again the two proposals are basically equal: Duke Raleigh Hospital (63.1%) and UNC REX Hospital (66.0%).

Based upon the independent review of each application and the Comparative Analysis, the following applications are conditionally approved as modified in the descriptions below:

- Project ID #J-12258-22/ **UNC Rex Hospital**/ Add no more than 18 acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 457 acute care beds at UNC REX Hospital upon project completion
- Project ID #J-12263-22/ **Duke Raleigh Hospital**/ Develop no more than 18 additional acute care beds pursuant to the need determination in the 2022 SMFP for a total of no more than 164 acute care beds upon completion of this project and Project ID# J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared operating rooms from Duke Raleigh Hospital).

And the following application is denied:

- Project ID #J-12259-22/ **UNC Rex Holly Springs Hospital**/ Add no more than 9 AC beds pursuant to the 2022 SMFP Need Determination

Project ID #J-12258-22, UNC REX Hospital, is approved subject to the following conditions.

- 1. Rex Hospital, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop no more than 18 acute care beds at UNC REX Hospital pursuant to the need determination in the 2022 SMFP.**
- 3. Upon completion of this project, UNC REX Hospital shall be licensed for no more than 507 acute care beds (457 acute care beds at UNC REX Hospital and 50 acute care beds at UNC REX Holly Springs Hospital).**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the**

Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.

- b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on October 1, 2023.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 - 6. The certificate holder 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.**
 - 7. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 8. The certificate holder 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.**

Project ID #J-12263-22, Duke Raleigh Hospital, is approved subject to the following conditions.

1. **Duke University Health System, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 18 acute care beds at Duke Raleigh Hospital pursuant to the need determination in the 2022 SMFP.**
3. **Upon completion of this project and Project ID#J-12029-21 (Develop a new separately licensed 40-bed hospital [Duke Green Level Hospital] by relocating no more than 40 acute care beds and two shared operating rooms from Duke Raleigh Hospital) Duke Raleigh Hospital shall be licensed for no more than 164 acute care beds.**
4. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. **The certificate holder shall complete all sections of the Progress Report form.**
 - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. **The first progress report shall be due on October 1, 2023.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. **Payor mix for the services authorized in this certificate of need.**
 - b. **Utilization of the services authorized in this certificate of need.**
 - c. **Revenues and operating costs for the services authorized in this certificate of need.**
 - d. **Average gross revenue per unit of service.**
 - e. **Average net revenue per unit of service.**
 - f. **Average operating cost per unit of service.**
7. **The certificate holder 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.**

Project ID #J-12264-22, WakeMed Garner Hospital, is approved subject to the following conditions.

1. **WakeMed (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop a new hospital with a total of 31 acute care beds and 2 operating rooms by developing no more than 9 new acute care beds and two new operating rooms pursuant to the need determinations in the 2022 SMFP and relocating no more than 22 acute care beds from the WakeMed Raleigh Campus.**
3. **Upon completion of this project, WakeMed Garner Hospital shall be licensed for no more than 31 acute care beds, 2 operating rooms, 14 observation beds, one GI Endoscopy room and a full-service emergency room with 25 treatment bays and one resuscitation room as well as imaging services including fixed CT, X-ray, ultrasound, and a pad for a mobile MRI scanner.**
4. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. **The certificate holder shall complete all sections of the Progress Report form.**
 - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. **The first progress report shall be due on October 1, 2023.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **The certificate holder 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.**
7. **No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. **Payor mix for the services authorized in this certificate of need.**
 - b. **Utilization of the services authorized in this certificate of need.**
 - c. **Revenues and operating costs for the services authorized in this certificate of need.**

- d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
- 8. The certificate holder 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.**