

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 13, 2023

Findings Date: September 13, 2023

Project Analyst: Julie M. Faenza

Co-signer: Mike McKillip

Project ID #: F-12367-23

Facility: Atrium Health Cabarrus

FID #: 943049

County: Cabarrus

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 65 acute care beds pursuant to the 2023 SMFP need determination for a total of no more than 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds)

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

The Charlotte-Mecklenburg Hospital Authority (hereinafter “CMHA,” “Atrium,” or “the applicant”) proposes to add 65 acute care beds to Atrium Health Cabarrus (“AH Cabarrus”), an existing acute care hospital with 427 acute care beds, for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

Need Determination

Chapter 5 of the 2023 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 2023 SMFP identified a need for 65 additional acute care beds in the Cabarrus County service area.

Beginning with the 2023 SMFP, the methodology in Chapter 5 excludes any Level II, III, and IV neonatal intensive care unit (NICU) beds from the acute care bed need methodology. AH Cabarrus has 20 licensed NICU beds that are not included in the total number of acute care beds for purposes of this application.

Only certain persons can be approved to develop new acute care beds in a hospital. On page 34, the 2023 SMFP states:

“A person who proposes to operate additional acute care beds in a hospital must show that the hospital 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 pages 34-35 of the 2023 SFMP].”*

The applicant does not propose to develop more acute care beds than are determined to be needed in Cabarrus County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements imposed on persons proposing to operate additional acute care beds in a hospital as outlined in Chapter 5 of the 2023 SMFP.

Policies

There are two policies in the 2023 SMFP which are applicable to this review.

Policy GEN-3: Basic Principles, on page 30 of the 2023 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.”

In Section B, pages 27-32, the applicant explains why it believes its application is consistent with Policy GEN-3. On pages 31-32, the applicant states:

“The utilization projected in the application, ..., incorporates concepts of safety, quality, access, and maximum value by expanding Atrium Health Cabarrus’s [sic] ability to continue demonstrating these concepts in the services it provides. The increased number of patients served, including the medically underserved, will have

access to the safe, high quality acute care services provided at Atrium Health Cabarrus, and the proposed project will be developed in such a way as to maximize healthcare value.”

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2023 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.”

The proposed capital expenditure for this project is greater than \$4 million. In Section B, pages 32-33, the applicant provides a written statement describing the project’s plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 following:

- The applicant does not propose to develop more acute care beds than are determined to be needed in Cabarrus County and meets the requirements imposed on persons proposing to add additional acute care beds to a hospital as described in Chapter 5 of the 2023 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 Cabarrus County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Cabarrus County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant adequately demonstrates 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

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

In Project ID #F-12116-21, the applicant was approved to develop a fifth floor for the existing Heart and Vascular Tower, where the applicant was approved to develop 22 new acute care beds pursuant to the 2021 need determination and relocate eight existing beds from the Mariam Cannon Hayes Family Center. In the current application, the applicant proposes to construct a sixth and seventh floor to the patient tower. The applicant proposes to develop 30 beds on both the sixth and seventh floors and develop the remaining 5 beds on the fifth floor. The applicant states that, to accommodate the 5 beds that will be developed on the fifth floor, it will only relocate 3 beds from the Mariam Cannon Hayes Family Center instead of the 8 beds as approved in Project ID #F-12116-21.

Patient Origin

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH Cabarrus Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2022)		FY 1 (CY 2028)		FY 2 (CY 2029)		FY 3 (CY 2030)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Cabarrus	14,039	55.7%	14,932	55.8%	15,213	55.8%	15,498	55.8%
Rowan	3,226	12.8%	3,608	13.5%	3,676	13.5%	3,745	13.5%
Mecklenburg	2,722	10.8%	2,508	9.4%	2,554	9.4%	2,603	9.4%
Stanly	2,344	9.3%	2,575	9.6%	2,623	9.6%	2,673	9.6%
Iredell	504	2.0%	564	2.1%	574	2.1%	585	2.1%
Lincoln	277	1.1%	310	1.2%	316	1.2%	322	1.2%
Other*	2,092	8.3%	2,284	8.5%	2,328	8.5%	2,371	8.5%
Total	25,204	100.0%	26,781	100.0%	27,284	100.0%	27,797	100.0%

Source: Section C, pages 37 and 40

*Other North Carolina counties and other states

In Section C, page 39, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projected patient origin based on its historical patient origin, in part, because it does not expect any changes to patient origin as a result of the proposed project.
- The applicant included changes it proposed to patient origin as a result of the approval of Project ID #F-12255-22 (relocate 24 beds to develop Atrium Health Harrisburg [AH Harrisburg], a satellite campus).

Analysis of Need

In Section C, pages 43-49, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The applicant states that, based on data from the North Carolina Office of State Budget and Management (NC OSBM), Cabarrus County is the fourth-fastest growing county in North Carolina, with a Compound Annual Growth Rate (CAGR) of 2.5% and a total population growth rate of 27.5% between 2013 and 2023. The applicant states that, according to NC OSBM, North Carolina had a statewide population CAGR of 1% and a total population growth rate of 10.1% between 2013 and 2023. (page 43)

- The applicant states NC OSBM projects Cabarrus County’s population age 65 and older will grow at a CAGR of 3.8% between 2023 and 2028, the first full fiscal year following project completion, while North Carolina statewide population age 65 and older is projected to grow at a CAGR of 2.6% between 2023 and 2028. (page 44)
- The applicant states patient days have increased by a CAGR of 7.7% between 2018 and 2022, which has led to a variety of challenges, such as delays in getting into a hospital room after surgery. The applicant states AH Cabarrus is a referral center for Atrium Health Mecklenburg hospitals adjacent to Cabarrus County. The applicant states AH Cabarrus is the only acute care hospital in Cabarrus County and thus it is necessary for AH Cabarrus to maintain enough acute care bed capacity for patients in the area. (pages 44-49)

The information is reasonable and adequately supported for the following reasons:

- The applicant uses verifiable historical data from AH Cabarrus to support its belief that it needs additional acute care bed capacity at AH Cabarrus.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.
- The applicant provides evidence of challenges in patient care it experiences as the result of existing capacity constraints.

Projected Utilization

On Form C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

AH Cabarrus Campus Acute Care Bed Projected Utilization				
	Historical	Projected		
	CY 2022	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
# of Beds*	427	490	490	490
# of Discharges	25,204	26,781	27,284	27,797
# of Acute Care Days	137,388	147,193	149,961	152,782
ALOS**	5.5	5.5	5.5	5.5
Occupancy Rate	88.1%	82.3%	83.8%	85.4%

*Excludes NICU beds

**ALOS = Average Length of Stay (in days)

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant states it began projections with CY 2022 data and projected growth of patient days at an annual rate of 1.9%, which is NC OSBM’s projected CAGR for the Cabarrus County total population between 2023 and 2033. The applicant states it used the projected

growth rate of 1.9% to be conservative, despite a CAGR of 7.7% between CY 2018 and 2022 and despite an annual growth rate of 8.7% between CY 2021 and 2022.

- The applicant projected the impact of relocating 24 acute care beds to develop the AH Harrisburg campus beginning in CY 2026, consistent with its representations in Project ID #F-12255-22. The applicant states the acute care days projected for AH Harrisburg are comprised entirely of shifted acute care days from the AH Cabarrus main campus.
- The applicant included the 22 acute care beds approved as part of Project ID #F-12116-21 in its projections.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at the AH Cabarrus campus.

AH Cabarrus Campus Acute Care Bed Projected Utilization									
	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Projected Acute Care Days (1.9% CAGR)	137,388	139,972	142,605	145,287	148,020	150,804	153,641	156,531	159,475
Days Shifted to AH Harrisburg (1.9% CAGR)	--	--	--	--	3,000	4,665	6,448	6,569	6,693
Total Acute Care Days	137,388	139,972	142,605	145,287	145,020	146,139	147,193	149,962	152,782
Total Beds*	427	427	427	427	427	490	490	490	490
Average Daily Census (ADC)**	376	383	390	338	397	400	403	411	418
Occupancy %***	88.1%	89.7%	91.3%	93.2%	92.3%	81.6%	82.2%	83.9%	85.3%

Source: Section Q, Form C Assumptions and Methodology

*Excludes NICU beds

**Average Daily Census = Total Patient Days / 365 days per year

***Occupancy % = ADC / # beds

As shown in the table above, the applicant projects utilization of acute care beds at the AH Cabarrus campus (excluding NICU beds) will be 85.3% during its third full fiscal year following project completion.

Performance Standard

Pursuant to 10A NCAC 14C .3803(5)(d), an applicant proposing to add new acute care beds to a service area must project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients in the third full fiscal year of operation following completion of the proposed project.

AH Cabarrus is the only licensed facility with acute care beds in the service area. In Project ID #F-12255-22, the applicant projected utilization at the AH Harrisburg campus would be entirely comprised of patients shifted from the AH Cabarrus campus. Utilization of all acute care days and existing, approved, and proposed acute care beds on the AH Cabarrus license (excluding NICU beds) is shown in the table below.

AH Cabarrus License Acute Care Bed Projected Utilization									
	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total Projected Acute Care Days (1.9% CAGR)	137,388	139,972	142,605	145,287	148,020	150,804	153,641	156,531	159,475
Total Beds*	427	427	427	427	427	514	514	514	514
Average Daily Census (ADC)**	376	383	390	338	405	413	421	429	437
Occupancy %***	88.1%	89.7%	91.3%	93.2%	94.9%	80.4%	81.9%	83.5%	85.0%

Source: Section Q, Form C Assumptions and Methodology

*Excludes NICU beds

**Average Daily Census = Total Patient Days / 365 days per year

***Occupancy % = ADC / # beds

As shown in the table above, AH Cabarrus projects a utilization rate of 85% in the third full fiscal year following project completion. This meets the performance standard requiring the applicant to project a utilization rate of at least 78% when the project ADC is greater than 400 patients during the third full fiscal year following project completion.

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

- The applicant relies on its own historical growth rate to project future growth.
- The applicant accounts for the shift in acute care beds to AH Harrisburg (under development) and the addition of another 22 acute care beds approved pursuant to Project ID #F-12116-21.
- The applicant uses a projected growth rate that is lower than its own historical growth rate.

Access to Medically Underserved Groups

In Section C, page 56, the applicant states:

“Atrium Health Cabarrus provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment. CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved.”

The applicant provides the estimated percentage of total patients for each medically underserved group during the third full fiscal year, as shown in the following table.

Medically Underserved Groups	Estimated % of Total Patients in FY 3
Low income persons	--
Racial and ethnic minorities	25.1%
Women	61.4%
Persons with disabilities	--
Persons 65 and older	34.8%
Medicare beneficiaries	40.1%
Medicaid recipients	17.3%

Source: Section C, page 57

In Section C, page 57, the applicant states that it does not maintain data on the number of low-income persons and disabled persons it serves and cannot reasonably estimate their percentage of total patients; however, the applicant also states neither low-income persons nor disabled persons are denied access to services.

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 based on the following:

- The applicant provides a statement saying it will provide service to all residents of the service area, including underserved groups, without regard for anything other than the need for acute care bed services.
- The applicant provides documentation of its existing policies regarding non-discrimination and financial access in Exhibits B.20-4 and L.4-1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 all the reasons described above.

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

NA

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

CA

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

In Section E, pages 70-71, the applicant describes the alternatives 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:

- Develop the New Beds in Existing Space at AH Cabarrus: the applicant states existing available space at AH Cabarrus is outdated and not up to current code requirements for acute care beds and the cost to renovate those spaces would be as great or greater than the capital cost for this proposal. The applicant further states renovations to upfit existing space for some of the acute care beds would be disruptive to current operations and developing the acute care beds in the patient tower will minimize fragmentation; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity, and it is important that AH Cabarrus, as the only acute care hospital in Cabarrus County, maintains capacity to meet the needs of patients. The applicant further states that the historical utilization of the hospital was the only factor driving the need determination and based on historical growth rates it will likely need more than 65 acute care beds in the future; therefore, this was not an effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- 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 reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. The Charlotte-Mecklenburg Hospital Authority (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 65 new acute care beds at Atrium Health Cabarrus.**
 - 3. Upon completion of this project and Project ID #F-12116-21, Atrium Health Cabarrus shall be licensed for no more than 514 acute care beds, excluding any Level II, III, or IV NICU 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 May 1, 2024.**
 - 5. 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.**
 - 6. 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.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

Capital and Working Capital Costs

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

Construction Costs/Site Preparation/Landscaping	\$70,635,000
Architect/Engineering Fees	\$4,474,000
Medical Equipment	\$6,258,000
Non-Medical Equipment/Furniture	\$3,259,000
Consultant Fees	\$125,000
Financing Costs	\$482,830
Interest During Construction	\$4,893,650
Other (Security, Info Systems, Internal allocation)	\$19,986,000
Total	\$110,113,480

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on the applicant’s history or the project architect’s history in developing similar projects.
- In Exhibit F.1, the applicant provides a proposed capital cost sheet, certified by a registered architect on February 3, 2023, stating the construction costs listed (which match those listed in Form F.1a) are accurate.

In Section F, page 74, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH Cabarrus is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds

In Section F, page 72, the applicant states the entire projected capital expenditure of \$110,113,480 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated April 17, 2023, from the Executive Vice President and Chief Financial Officer for Atrium Health, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2021. According to the Basic Financial Statements, as of December 31, 2021, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund 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 project completion. On Form F.2b in Section Q, the applicant projects operating expenses will exceed revenues in the first two full fiscal years following project completion, but that revenues will exceed operating expenses in the third full fiscal year following project completion, as shown in the table below.

Revenues and Operating Expenses – AH Cabarrus Campus Acute Care Beds			
	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
Total Discharges	26,781	27,284	27,797
Total Gross Revenues (Charges)	\$584,799,001	\$613,672,613	\$643,971,818
Total Net Revenue	\$147,960,706	\$155,266,054	\$162,932,093
Total Net Revenue per Discharge	\$5,525	\$5,691	\$5,861
Total Operating Expenses (Costs)	\$149,307,324	\$155,912,354	\$162,845,602
Total Operating Expenses per Discharge	\$5,575	\$5,714	\$5,858
Net Profit/(Loss)	(\$1,346,618)	(\$646,300)	\$86,491

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.3b in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant bases projections on its own historical experience.

- 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

C

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 37 of the 2023 SMFP shows that AH Cabarrus is the only facility in Cabarrus County with acute care beds.

In Section G, page 82, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Cabarrus County. On page 82, the applicant states:

“The 2023 SMFP includes a need determination for 65 additional acute care beds in Cabarrus County. As the only existing acute care hospital in Cabarrus County, the

need in the 2023 SMFP was generated exclusively by the highly utilized acute care services at Atrium Health Cabarrus. Furthermore, if acute care days are conservatively grown at the county's projected population growth rate of 1.9 percent, as they are in Form C, Atrium Health Cabarrus will operate at 85.4 percent occupancy in CY 2030 (the third full fiscal year of the proposed project). Thus, the proposed project will not result in any unnecessary duplication."

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed acute care beds.
- The applicant is the only provider of acute care hospital services in Cabarrus County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 described 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

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

On Form H in Section Q, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

AH Cabarrus Acute Care Beds Current & Projected Staffing				
Position	Current	Projected – FYs 1-3		
	12/31/2022	CY 2028	CY 2029	CY 2030
Registered Nurses	447.0	576.4	587.2	598.3
Aides & Attendants	4.3	4.6	4.7	4.8
Supervisory	12.7	13.6	13.9	14.1
Technician	211.0	226.0	230.3	234.6
Clerical & Secretarial	1.7	1.8	1.8	1.8
Unit Secretary	1.5	1.6	1.6	1.6
Temporary Help	139.9	52.5	53.5	54.5
Total Staffing	818.1	876.5	893.0	909.8

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted on Form F.3b in Section Q. In Section H, pages 84-86, 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 based on the following:

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and will use that experience for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment for FTEs in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate information about its existing and proposed recruitment, training, and continuing education programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

C

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

Ancillary and Support Services

In Section I, page 88, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 88-89, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter dated April 17, 2023, from a facility executive at AH Cabarrus, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination

In Section I, page 89, the applicant describes AH Cabarrus' existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is the only acute care hospital in Cabarrus County and thus has established many relationships with area healthcare providers.
- The applicant provides letters of support from local physicians and healthcare providers documenting their support for Atrium.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant does not 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

The applicant is not an HMO. 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.

C

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

In Section K, page 92, the applicant states that the project involves constructing 56,852 square feet of new space and renovating 4,738 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

In Section K, pages 92-93, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states developing the proposed acute care beds in newly constructed space is more cost-effective, less disruptive, and provides a better design option.
- The applicant states that it has paused development on Project ID #F-12116-21 until the outcome of this review is known, because the ability to construct the fifth, sixth, and seventh floors of the patient tower at the same time will result in cost efficiencies that would reduce the cost of developing the project on different timelines.

On page 93, 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 based on the following:

- The applicant states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states AH Cabarrus' association with the larger Atrium Health system allows for cost saving measures due to large economies of scale which will result in cost containment and efficient utilization of resources.

In Section B, pages 32-33, 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

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

In Section L, page 96, the applicant provides the historical payor mix during CY 2022 for patients at AH Cabarrus, as shown in the table below.

AH Cabarrus Historical Payor Mix – CY 2022	
Payor Category	% of Patients Served
Self-Pay	7.3%
Medicare*	40.1%
Medicaid*	17.3%
Insurance*	32.7%
Workers Compensation	0.4%
Other**	2.2%
Total	100.0%

*Including any managed care plans.

**Includes TRICARE.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 97, the applicant provides the following comparison.

AH Cabarrus	Percentage of Total Patients Served During CY 2022	Percentage of the Population of Cabarrus County
Female	61.4%	51.0%
Male	38.6%	49.0%
Unknown	0.0%	0.0%
64 and Younger	65.2%	86.5%
65 and Older	34.8%	13.5%
American Indian	0.5%	0.8%
Asian	1.3%	5.7%
Black or African-American	22.2%	21.2%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	71.4%	69.7%
Other Race	1.1%	2.5%
Declined / Unavailable	3.5%	0.0%

Source: Atrium Health internal data

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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.

- (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

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 98, the applicant states it has no such obligation.

In Section L, page 99, the applicant states that no patient civil rights access complaints have been filed against AH Cabarrus during the 18 months immediately prior to submission of the application.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, page 99, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

AH Cabarrus Projected Payor Mix – CY 2030	
Payor Category	% of Patients Served
Self-Pay	7.3%
Medicare*	40.1%
Medicaid*	17.3%
Insurance*	32.7%
Workers Compensation	0.4%
Other**	2.2%
Total	100.0%

*Including any managed care plans.

**Includes TRICARE.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 7.3% of services will be provided to self-pay patients, 40.1% of services to Medicare patients, and 17.3% of services to Medicaid patients.

On page 99, the applicant provides the assumptions and methodology used to project payor mix during the third 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 patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section L, page 101, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

In Section M, page 103, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- In Exhibit M.1, the applicant provides documentation of existing health professional training programs in the area which already have access to AH Cabarrus.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 37 of the 2023 SMFP shows that AH Cabarrus is the only facility in Cabarrus County with acute care beds.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 105, the applicant states:

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 105, the applicant refers to Section B and on page 31 of that section the applicant states, in part:

“..., development of Levels 06 and 07 will enable Atrium Health Cabarrus to house all of the proposed acute care beds within the Heart and Vascular Tower alongside newer, existing acute care beds. The co-location of acute care beds will minimize fragmentation, promote operational efficiencies, and increase patient interaction with their care team, allowing Atrium Health Cabarrus to better meet patient needs and expectations.

Further, Atrium Health Cabarrus, as a part of the larger CMHA system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Cabarrus to continue to provide its patients with the best care possible, while also

being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

See also Sections C, F, K, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 105, the applicant refers to Section B and on page 27 of that section the applicant states, in part:

“CMHA believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high-quality services it provides at Atrium Health Cabarrus.

CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry.”

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 105, the applicant refers to Section B and on page 28 of that section the applicant states, in part:

“.... CMHA has long-promoted [sic] economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay.... The proposed acute care beds will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved.”

See also Sections C and L 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
- 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 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

The applicant proposes to add 65 acute care beds to AH Cabarrus for a total of 514 acute care beds upon completion of this project and Project ID #F-12116-21 (add 22 beds).

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 19 existing and approved hospitals in North Carolina (18 of which are currently licensed and operational).

In Section O, pages 109-110, the applicant states that during the 18 months immediately preceding the submittal of the application, there were two incidents that were combined to involve a finding of immediate jeopardy at one facility. The finding of immediate jeopardy was the result of an investigation that happened less than one month prior to the submission of the current application. On page 110, the applicant states a plan of correction is being submitted and anticipated a return visit on or before April 29, 2023 (which was after the submission of this application). According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in two Atrium hospitals; however, both hospitals are now back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 18 licensed and operational hospitals, 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

The Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

10 NCAC 14C .3803 PERFORMANCE STANDARDS

An applicant proposing to develop new acute care beds in a hospital pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

- (1) *document that it is a qualified applicant;*
 - C- In Section B, page 25, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- (2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*
 - C- On Form C.1b in Section Q, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (3) *project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*
 - C- On Form C.1b in Section Q, the applicant projects an occupancy rate for the applicant hospital during each of the first three full fiscal years of operation following completion of the project that equals or exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (4) *provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*

- C- On Form C.1b in Section Q, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (5) *project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of:*
 - (a) 66.7 percent if the ADC is less than 100;
 - (b) 71.4 percent if the ADC is 100 to 200;
 - (c) 75.2 percent if the ADC is 201 to 399; or
 - (d) 78.0 percent if the ADC is greater than 400; and

- C- On Form C.1b in Section Q, the applicant projects an occupancy rate of 85% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

- (6) *provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.*

- C- In the Form C – Utilization and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.