

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: December 10, 2025

Findings Date: December 10, 2025

Project Analyst: Crystal Kearney

Co-Signer: Mike McKillip

Project ID #: J-12693-25

Facility: Wake Radiology UNC REX Healthcare-Wendell

FID #: 250851

County: Wake

Applicants: WR Imaging, LLC

Wake Radiology Diagnostic Imaging, Inc.

Project: Develop a diagnostic center

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

WR Imaging, LLC (WR Imaging) and Wake Radiology Diagnostic Imaging, Inc. (Wake Radiology), hereinafter collectively referred to as “the applicant,” propose to develop a diagnostic center, Wake Radiology UNC REX Healthcare-Wendell, by acquiring two units of mammography equipment, three units of ultrasound equipment, one C-arm, one CT scanner, one CT injector, one DEXA (bone densitometry) , and one X-ray, for a total capital cost of \$4,964,857.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2025 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

One policy in Chapter 4 of the 2025 SMFP is applicable to this application: *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.*

Policy GEN-4 on page 30 of the 2025 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 of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The proposed capital expenditure for this project is greater than \$4 million. In Section B, page 27, the applicant describes the project’s plan to improve energy efficiency and water conservation.

The Agency reviewed the:

- Application
- Exhibits to the application

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 any beds, services, or equipment for which there is a need determination in the 2025 SMFP.

The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* based on the following:

- The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.
 - The applicant states it will develop and implement an Energy Efficiency and Sustainability Plan for the project as required by the CON Section, that will not adversely affect patient or resident health, safety, or infection control.
- (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 develop a diagnostic center in Wendell (Wake County) by acquiring two mammography units, three ultrasound units, one C-arm, one CT scanner , one CT injector, one DEXA unit, and one x-ray.

Patient Origin

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define a service area for diagnostic centers, nor are there any applicable rules adopted by the Department that define the service area for diagnostic centers. In Section C.3, page 35, the applicant identifies four Wake County and Johnston County zip code areas as the service area for the proposed diagnostic center. Thus, the service area is Wake and Johnston Counties. Facilities may also serve residents not included in the defined service area.

In Section C.3, pages 33-35, the applicant provides the following tables showing projected patient origin for each of the proposed modalities and for the entire facility.

Wake Radiology UNC REX Healthcare-Wendell						
CT Scanner	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	375	31.0%	770	31.2%	1,579	31.4%
27545-Knightdale	304	25.2%	618	25.0%	1,254	24.9%
27591-Wendell	247	20.4%	502	20.4%	1,021	20.3%
27597-Zebulon	282	23.4%	576	23.4%	1,176	23.4%
Total	1,208	100.0%	2,466	100.0%	5,030	100.0%

Source: Section C, page 33

Wake Radiology UNC REX Healthcare-Wendell						
Mammography	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	467	30.3%	968	30.5%	1,503	30.6%
27545-Knightdale	391	25.4%	805	25.3%	1,242	25.3%
27591-Wendell	318	20.6%	654	20.5%	1,008	20.5%
27597-Zebulon	366	23.7%	753	23.7%	1,161	23.6%
Total	1,542	100.0%	3,180	100.0%	4,913	100.0%

Source: Section C, page 33

Wake Radiology UNC REX Healthcare-Wendell						
Radiography (X-ray & C-arm)	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	668	30.2%	1,337	29.9%	2,005	29.7%
27545-Knightdale	554	25.0%	1,109	24.8%	1,663	24.6%
27591-Wendell	448	20.2%	895	20.0%	1,343	19.9%
27597-Zebulon	546	24.6%	1,128	25.2%	1,748	25.9%
Total	2,216	100.0%	4,469	100.0%	6,759	100.0%

Source: Section C, page 34

The following table illustrates projected patient origin for ultrasound services for Wake Radiology UNC REX Healthcare-Wendell:

Wake Radiology UNC REX Healthcare-Wendell						
Ultrasound	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	768	30.2%	1,024	29.9%	1,280	29.7%
27545-Knightdale	637	25.0%	850	24.8%	1,062	24.6%
27591-Wendell	515	20.2%	686	20.0%	858	19.9%
27597-Zebulon	627	24.6%	865	25.2%	1,116	25.9%
Total	2,547	100.0%	3,425	100.0%	4,316	100.0%

Source: Section C, page 34

Wake Radiology UNC REX Healthcare-Wendell						
DEXA	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	99	29.1%	208	29.4%	326	29.6%
27545-Knightdale	83	24.3%	172	24.3%	267	24.2%
27591-Wendell	72	21.1%	149	21.0%	230	20.9%
27597-Zebulon	87	25.4%	179	25.3%	278	25.2%
Total	341	100.0%	708	100.0%	1,101	100.0%

Source: Section C, page 34

Wake Radiology UNC REX Healthcare-Wendell Projected Patient Origin-Entire Facility						
	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2027-12/31/2027		01/01/2028-12/31/2028		01/01/2029-12/31/2029	
	CY 2027		CY 2028		CY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Zip Code-Town						
27527-Clayton	2,378	30.3%	4,307	30.2%	6,694	30.3%
27545-Knightdale	1,970	25.1%	3,553	24.9%	5,488	24.8%
27591-Wendell	1,599	20.4%	2,886	20.3%	4,460	20.2%
27597-Zebulon	1,908	24.3%	3,501	24.6%	5,478	24.8%
Total	7,855	100.0%	14,248	100.0%	22,120	100.0%

Source: Section C, page 35

In Section Q, pages 105-123, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the proximity of these zip code areas to the proposed diagnostic center and the applicant's history of providing services to the residents of these communities.

Analysis of Need

In Section C, pages 36-48, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The historical utilization of the applicant's diagnostic imaging services by residents of the proposed service area (pp. 41-44).
- The applicant states that the radiologists bring a unique combination of clinical expertise and operational perspective that makes them the most effective leaders of freestanding diagnostic centers (pp. 44-45).
- The applicant states that the proposed Wendell diagnostic center will directly enhance geographic access by providing a comprehensive suite of modalities that are not currently available in Knightdale (pp. 45-46).
- The applicant states that the projected population growth within the proposed Wendell diagnostic center services area further supports the need for expanded imaging services (pp. 46-48).
- The applicant states that the proposed Wendell Diagnostic Center has received strong support from local providers who recognize the value of expanding WR Imaging's services into eastern Wake County (p. 48).

The information is reasonable and adequately supported based on the reasons stated above.

Projected Utilization

In Section Q, page 103, Form C.2b, the applicant provides projected utilization for the medical diagnostic equipment for the first three years of operation following completion of the project, as summarized in the following table(s).

Wake Radiology UNC REX Healthcare–Wendell			
	1st Full Fiscal Year CY 2027 1/1/27-12/31/27	2nd Full Fiscal Year CY 2028 1/1/28-12/31/28	3rd Full Fiscal Year CY 2029 1./1/29-12/31/29
CT Scanner			
# of Units	1	1	1
# of Scans	1,208	2,466	,5,030
Fixed X-ray (including fluoro /C-arm)			
# of Units	2	2	2
# of Procedures	2,216	4,469	6,759
Mammography			
# of 913 Units	2	2	2
# of Procedures	1,542	3,180	4,
Ultrasound			
# of Units	3	3	3
# of Procedures	2,547	3,425	4,316
DEXA			
# of Units	1	1	1
# of Procedures	341	708	1,101

In Section Q, pages 105-123, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

CT Scanner

Step 1: Population Projections

The applicant states that the service area for the proposed Wendell Diagnostic Center includes the following ZIP codes: 27591 (Wendell), 27597 (Zebulon), 27545 (Knightdale), and 27527 (Clayton).

The following table provides population projections for the zip codes included in the Wendell diagnostic center service area.

Wake Radiology UNC REX Healthcare-Wendell Service Area: Projected Population			
Zip Code	Area	2025	2030
2527	Clayton	42,677	48,566
27545	Knightdale	35,405	38,187
27591	Wendell	28,587	31,170
27597	Zebulon	32,491	35,975
Total		139,160	153,898

Source: Section Q, page 105 of the application

Step 2: Projected CT Procedures Based on CT Use Rate

- The applicant states that to project CT demand, the applicants utilized the national CT use rate of 277.7 scans per 1,000 population, calculated from 93 million CT scans performed in the United States in 2023 and a total U.S. population of 334.9 million.
- The applicant states that this rate provides a reasonable, peer-reviewed basis for estimating demand when applied to the projected population of the Wendell service area ZIP codes.

CT Use Rate Per 1,000 Populations , 2023		
CT Scans	2023 Population	Use Rate per 1000
93,000,000	334,914,895	277.7

Source: Section Q, page 106 of the application

The following table projects future CT procedure demand based on the 2023 CT use rate applied to the projected population of the service area zip codes.

Projected CT Procedure Demand Based on CT Use Rate			
Zip Code	Area	2025	2030
2527	Clayton	11,851	13,486
27545	Knightdale	9,831	10,604
27591	Wendell	7,938	8,655
27597	Zebulon	9,022	9,990
Total		38,642	42,735

Source: Section Q, page 106 of the application

- The applicant states that to project annual CT demand between 2025 and 2030, they began with the 2025 and 2030 population-based demand estimates for each service area ZIP code.
- The applicant states that it applied a straight-line interpolation method to allocate the incremental five-year growth evenly across each intermediate year.
- The applicant states that this method assumes a constant CAGR between 2025 and 2030 for each ZIP code and distributes that growth proportionally on an annual basis.

Projected CT Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	11,851	12,178	12,505	12,832	13,159	13,486
27545	Knightdale	9,831	9,986	10,140	10,295	10,449	10,604
27591	Wendell	7,938	8,082	8,225	8,368	8,512	8,655
27597	Zebulon	9,022	9,216	9,409	9,603	9,796	9,990
Total		38,642	39,461	40,279	41,098	41,916	42,735

Source: Section Q, page 106 of the application

The applicant states that the projected CT demand for the Wendell diagnostic center service area assumes a constant use rate of 277.7 CT scans per 1,000 population across the entire projection period and does not account for any potential growth in utilization over time. Also, the applicant states that the projections do not reflect the impact of the rapidly aging service area population.

Step 4: CT Market Share

The following table projects annual CT market shares for the proposed Wendell diagnostic center during the first three project years.

Wake Radiology UNC REX Healthcare-Wendell CT Market Share				
Zip Code	Area	2027	2028	2029
27527	Clayton	3.0%	6.0%	12.0%
27545	Knightdale	3.0%	6.0%	12.0%
27591	Wendell	3.0%	6.0%	12.0%
27597	Zebulon	3.0%	6.0%	12.0%

Source: Section Q, page 107 of the application

The applicants assume an increase in market share over the first three years of operation, beginning with a 3.0 percent share in 2027 (the first full project year), increasing to 6.0 percent in 2028, and reaching 12.0 percent in 2029 across all service area ZIP codes. The applicant states this phased approach is supported by the following:

- As shown in Section C.4, 3,593 patients already travel to WR Imaging’s existing centers for CT scans, which equates to approximately nine percent market share (when compared to 2025 CT procedure demand). Establishing a local access point in Wendell will shift a portion of this established patient base to the new facility.
- The applicant states that during CY2022-CY2024, CT procedure volume across WR Imaging’s network increased by a compound annual growth rate of 13.7 percent.
- The applicant states that the projected market shares mirror the pattern WR Imaging has experienced in opening other outpatient centers, where patient volumes build steadily as awareness increases and referral networks are established.
- The applicant states that the projections do not assume any increase in the CT use rate, despite the rapid growth of the 65+ population in the service area. As a result, actual CT demand may exceed projections, further supporting the reasonableness of the assumed market share ramp-up.
- The applicant states that introducing a CT scanner in Wendell will substantially improve geographic access, making it reasonable to assume the new center will capture a meaningful share of demand as patients shift to the more convenient option.

Step 5: Projected CT Procedures

The following table summarizes the applicants’ projected CT procedures based on the projected annual market shares applied to the projected CT demand.

Wake Radiology UNC REX Healthcare-Wendell Projected CT Procedures				
Zip Code	Area	2027	2028	2029
27527	Clayton	375	770	1,579
27545	Knightdale	304	618	1,254
27591	Wendell	247	502	1,021
27597	Zebulon	282	576	1,176
Total		1,208	2,466	5,030

Source: Section Q, page 108 of the application

Mammography

Step 6: Population Projections

Consistent with the ACS recommendations for breast cancer screening for women of average risk, the following table provides population projections for females age 40+ for the zip codes included in the Wendell diagnostic center service area.

Wake Radiology UNC REX Healthcare-Wendell Service Area: Projected Population Females Age 40+			
Zip Code	Area	2025	2030
27527	Clayton	10,587	12,646
27545	Knightdale	9,004	10,381
27591	Wendell	7,305	8,426
27597	Zebulon	8,434	9,698
Total		35,330	41,151

Source: Section Q, page of 109 of the application

Step 7: Projected Mammography Procedures

It is recommended that women over 40 (or those who have a higher risk of developing breast cancer) get a mammogram every one to two years. According to Kaiser Family Foundation (KFF), 74 percent of women ages 40 and older in North Carolina reported a mammogram screening sometime in the last two years.

North Carolina Mammography Screening Rate, 2022	
Demographic	Screening Rate
Women 40+	74%

Source: Section Q, page 109 of the application

The following table summarizes the applicant projected future mammography patient demand based on 2022 North Carolina mammography screening rate applied to the projected population of the service area zip codes.

Projected Mammography Patient Demand			
Zip Code	Area	2025	2030
27527	Clayton	7,834	9,358
27545	Knightdale	6,663	7,682
27591	Wendell	5,406	6,235
27597	Zebulon	6,241	7,177
Total		26,144	30,452

Source: Section Q, page 110 of the application

To project annual mammography patients between 2025 and 2030, the applicant began with the 2025 and 2030 population-based demand estimates for each service area ZIP code.

Projected Screening Mammography Patient Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	7,834	8,139	8,444	8,749	9,053	9,358
27545	Knightdale	6,663	6,867	7,071	7,274	7,478	7,682
27591	Wendell	5,406	5,572	5,738	5,903	6,069	6,235
27597	Zebulon	6,241	6,428	6,615	6,802	6,989	7,177
Total		26,144	27,006	27,867	28,729	29,590	30,452

Source: Section Q, page 110 of the application

- The applicant states that according to the National Cancer Institute, approximately 10 percent of mammograms lead to a woman being called back for further testing.
- The applicant states that 7 of the 10% that are called back for further testing, approximately 7%-9% will receive a mammogram breast biopsy.

The following table reflects the projected mammography screening procedure demand based on screening rates and patients requiring further screening and biopsies.

Projected Screening Mammography Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	783	814	844	875	905	936
27545	Knightdale	666	687	707	727	748	768
27591	Wendell	541	557	574	590	607	624
27597	Zebulon	624	643	662	680	699	718
Total		2,614	2,701	2,787	2,873	2,959	3,045

10% of screening mammography

Source: Section Q, page 111 of the application

Projected Screening Mammography Biopsy Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	55	57	59	61	63	66
27545	Knightdale	47	48	49	51	52	54
27591	Wendell	38	39	40	41	42	44
27597	Zebulon	44	45	46	48	49	50
Total		183	189	195	201	207	213

7% of diagnostic mammography

Source: Section Q, page 111 of the application

Projected Screening Mammography Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	8,673	9,010	9,347	9,685	10,022	10,359
27545	Knightdale	7,376	7,601	7,827	8,053	8,278	8,504
27591	Wendell	5,984	6,168	6,351	6,535	6,718	6,902
27597	Zebulon	6,909	7,116	7,323	7,530	7,737	7,944
Total		28,942	29,895	30,849	31,803	32,756	33,710

Source: Section Q, page 111 of the application

Step 8: Mammography Market Share

The following table projects annual mammography procedure market shares the proposed Wendell diagnostic center during the first three years of the proposed project.

Wake Radiology UNC REX Healthcare-Wendell Mammography Market Share				
Zip Code	Area	2027	2028	2029
27527	Clayton	5.0%	10.0%	15.0%
27545	Knightdale	5.0%	10.0%	15.0%
27591	Wendell	5.0%	10.0%	15.0%
27597	Zebulon	5.0%	10.0%	15.0%

Source: Section Q, page 112 of the application

The applicant states that the projected mammography market shares for Wake Radiology UNC REX Healthcare–Wendell assume an increase in market share beginning at 5.0 percent in 2027 (the first full year of operation), increasing to 10.0 percent in 2028, and reaching 15.0 percent in 2029 across all service area ZIP codes (Wendell, Zebulon, Knightdale, and Clayton).

The applicant believes the market share projections are reasonable based on the following:

- The applicant states that during CY2022-CY2024, CT procedure volume across WR Imaging’s network increased by a compound annual growth rate of 6.0 percent. This historical trend demonstrates strong and rising demand, reinforcing that the proposed market share ramp-up is reasonable and supported by system-wide performance.
- The applicant states that the population of women age 40+ in the identified service area is projected to experience growth by a CAGR of 3.1 percent between 2025 and 2030. This growth in the female population age 40+ will be associated with increased demand for breast cancer screening, supporting the reasonableness of the projected market shares.
- The applicant states that the residents of Wendell and Zebulon must travel to Garner, Knightdale, or Raleigh for mammography. By providing a local access point, the Wendell diagnostic center is expected to capture a meaningful share of demand, especially for preventive services where convenience strongly influences compliance.

Step 9: Projected Mammography Procedures

The following table summarizes the applicants’ projected mammography procedures based on the projected annual market shares applied to the projected mammography procedure demand.

The applicant project equal distribution of volume across the proposed mammography units.

Wake Radiology UNC REX Healthcare-Wendell Projected Mammography Procedures				
Zip Code	Area	2027	2028	2029
27527	Clayton	467	968	1,503
27545	Knightdale	391	805	1,242
27591	Wendell	318	654	1,008
27597	Zebulon	366	753	1,161
Total		1,542	3,180	4,913

Source: Section Q, page 113 of the application

Radiography (X-ray & C-arm)

Step 10: Population Projections

The following table provides population projections for the zip codes included in the Wendell diagnostic center service area.

Wake Radiology UNC REX Healthcare-Wendell Service Area Projected Population			
Zip Code	Area	2025	2030
27527	Clayton	42,677	48,566
27545	Knightdale	35,405	38,187
27591	Wendell	28,587	31,170
27597	Zebulon	32,491	35,975
Total		139,160	153,898

Source: Section Q, page 113 of the application

Step 11: Projected Radiography Procedures Based on Radiography Use Rate

The applicant states that in modern healthcare systems, X-rays remain the most commonly performed imaging procedure. The following table projects future radiography procedure demand based on the respective use rate applied to the projected population of the identified service area zip codes.

Projected Radiography Procedure Demand			
Zip Code	Area	2025	2030
27527	Clayton	33,416	38,027
27545	Knightdale	27,722	29,900
27591	Wendell	22,384	24,406
27597	Zebulon	25,440	28,168
Total		108,962	120,502

Source: Section Q, page 114 of the application

The applicant states that to project annual radiography procedure demand between 2025 and 2030, they began with the 2025 and 2030 population-based demand estimates for each service area ZIP code. The applicant applied a straight-line interpolation method to allocate the incremental five-year growth evenly across each intermediate year. This method assumes a constant CAGR between 2025 and 2030 for each ZIP code and distributes that growth proportionally on an annual basis.

Projected Radiography Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	33,416	33,416	33,416	33,416	33,416	38,027
27545	Knightdale	27,722	27,722	27,722	27,722	27,722	29,900
27591	Wendell	22,384	22,384	22,384	22,384	22,384	24,406
27597	Zebulon	25,440	26,363	27,285	28,207	29,129	28,168
Total		108,962	109,884	110,807	111,729	112,651	120,502

Source: Section Q, page 114 of the application

The applicant states that the projected radiography demand for the Wendell diagnostic center service area is reasonable because it assumes a constant use rate of 783 procedures per 1,000

population across the entire projection period, which is consistent with current national benchmarks.

Step 12: Radiography Market Share

The following table projects annual radiography market shares for the proposed Wendell diagnostic center during the first three years of the proposed project.

Wake Radiology UNC REX Healthcare-Wendell Radiography Market Share				
Zip Code	Area	2027	2028	2029
27527	Clayton	2.0%	4.0%	6.0%
27545	Knightdale	2.0%	4.0%	6.0%
27591	Wendell	2.0%	4.0%	6.0%
27597	Zebulon	2.0%	4.0%	6.0%

Source: Section Q, page 115 of the application

The applicant states that the projected radiography market shares for Wake Radiology UNC REX Healthcare–Wendell are reasonable and consistent with typical ramp-up assumptions for a new diagnostic imaging facility.

The applicant assumes an increase in market share over the first three years of operation, beginning with a 2.0 percent share in 2027 (the first full project year), increasing to 4.0 percent in 2028, and reaching 6.0 percent in 2029 across all service area ZIP codes.

Step 13: Projected Radiography Procedures

The following table summarizes the applicants’ projected radiography procedures based on the projected annual market shares applied to the projected radiography demand.

Wake Radiology UNC REX Healthcare-Wendell Projected Radiography Procedures				
Zip Code	Area	2027	2028	2029
27527	Clayton	668	1,337	2,005
27545	Knightdale	554	1,109	1,663
27591	Wendell	448	895	1,343
27597	Zebulon	546	1,128	1,748
Total		2,216	4,469	6,759

Source: Section Q, page 116 of the application

The applicant states that based on the historical experience across its existing diagnostic centers, approximately 95% of WR Imaging’s radiography procedures are performed on X-ray machines and approximately 5% radiography procedures are performed on C-arm machines.

The applicant projects similar distribution of volume across the proposed X-ray and C-arm equipment.

Ultrasound

Step 14: Population Projections

The following table provides population projections for the zip codes included in the Wendell diagnostic center service area.

Wake Radiology UNC REX Healthcare-Wendell Service Area: Projected Population			
Zip Code	Area	2025	2030
27527	Clayton	42,677	48,566
27545	Knightdale	35,405	38,187
27591	Wendell	28,587	31,170
27597	Zebulon	32,491	35,975
Total		139,160	153,898

Source: Section Q, page 116 of the application

Step 15: Projected Ultrasound Procedures Based on Ultrasound Use Rate

The applicant states that the according to a comprehensive study published in the Journal of the American Medical Association, the overall rate of ultrasound utilization in the United States is 271 examinations per 1,000 population. This figure includes both diagnostic and obstetric examinations, with obstetric ultrasound accounting for 71 procedures per 1,000 population. The applicant states that the proposed diagnostic center will not perform obstetric ultrasound, the applicants adjusted the rate by excluding this category. This results in a utilization rate of 200 ultrasound procedures per 1,000 population. The applicant states that using this adjusted rate, the applicants projected future ultrasound demand by applying the 200 per 1,000 population use rate to the projected population of the identified service area zip codes.

The following table presents the projected ultrasound demand.

Projected Ultrasound Procedure Demand			
Zip Code	Area	2025	2030
27527	Clayton	8,535	9,713
27545	Knightdale	7,081	7,637
27591	Wendell	5,717	6,234
27597	Zebulon	6,498	7,195
Total		27,832	30,780

Source: Section Q, page 117 of the application

The applicant states to project annual ultrasound procedure demand between 2025 and 2030, the applicants began with the 2025 and 2030 population-based demand estimates for each service area ZIP code. The applicant states that then applied a straight-line interpolation method to allocate the incremental five-year growth evenly across each intermediate year. This method assumes a constant CAGR between 2025 and 2030 for each ZIP code and distributes that growth proportionally on an annual basis.

Projected Ultrasound Procedure Demand							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	8,535	8,535	8,535	8,535	8,535	9,713
27545	Knightdale	7,081	7,081	7,081	7,081	7,081	7,637
27591	Wendell	5,717	5,717	5,717	5,717	5,717	6,234
27597	Zebulon	6,498	6,734	6,969	7,205	7,440	7,195
Total		27,832	28,068	28,303	28,539	28,774	30,780

Source: Section Q, page 117 of the application

Step 16: Ultrasound Market Share

The following table projects annual ultrasound market shares for the proposed Wendell diagnostic center during the first three years of the proposed project.

Wake Radiology UNC REX Healthcare-Wendell Ultrasound Market Share				
Zip Code	Area	2027	2028	2029
27527	Clayton	9.0%	12.0%	15.0%
27545	Knightdale	9.0%	12.0%	15.0%
27591	Wendell	9.0%	12.0%	15.0%
27597	Zebulon	9.0%	12.0%	15.0%

Source: Section Q, page 118 of the application

The applicant states that the applicants assume an increase in gradual penetration of the market over the first three years of operation, beginning with a 9.0 percent share in 2027 (the first full project year), increasing to 12.0 percent in 2028, and reaching 15.0 percent in 2029 across all service area ZIP codes.

Step 17: Projected Ultrasound Procedures

The following table summarizes the applicants' projected ultrasound procedures based on the projected annual market shares applied to the projected ultrasound demand.

Wake Radiology UNC REX Healthcare-Wendell Projected Ultrasound Procedures				
Zip Code	Area	2027	2028	2029
27527	Clayton	768	1,024	1,280
27545	Knightdale	637	850	1,062
27591	Wendell	515	686	858
27597	Zebulon	627	865	1,116
Total		2,547	3,425	4,316

Source: Section Q, page 119 of the application

Bone Densitometry (DEXA)

Step 18: Population Projections

The following tables present projected populations for women aged 50–64 and for all individuals aged 65 and older in the identified service area zip codes.

Wake Radiology UNC REX Healthcare-Wendell Service Area: Projected Population, Females Aged 50-64			
Zip Code	Area	2025	2030
27527	Clayton	4,193	4,984
27545	Knightdale	3,676	4,092
27591	Wendell	2,824	3,099
27597	Zebulon	3,300	3,501
Total		13,993	15,676

Source: Section Q, page 120 of the application

Wake Radiology UNC REX Healthcare-Wendell Service Area: Projected Population, Females Age 65+			
Zip Code	Area	2025	2030
27527	Clayton	5,396	7,282
27545	Knightdale	4,514	5,812
27591	Wendell	4,470	5,585
27597	Zebulon	5,498	7,084
Total		19,878	25,763

Source: Section Q, page 120 of the application

18: Projected DEXA Procedure Demand

The projected demand for DEXA procedures is shown below, based on applying the respective use rates to the appropriate population cohorts.

DEXA Procedure Demand, Females Aged 50-64			
Zip Code	Area	2025	2030
27527	Clayton	461	548
27545	Knightdale	404	450
27591	Wendell	311	341
27597	Zebulon	363	385
Total		1,539	1,724

Source: Section Q, page 120 of the application

DEXA Procedure Demand, Medicare Beneficiaries			
Zip Code	Area	2025	2030
27527	Clayton	435	588
27545	Knightdale	364	469
27591	Wendell	361	451
27597	Zebulon	444	572
Total		1,604	2,079

Source: Section Q, page 121 of the application

DEXA Procedure Demand, Medicare Beneficiaries & Women Aged 50-64			
Zip Code	Area	2025	2030
27527	Clayton	897	1,136
27545	Knightdale	769	919
27591	Wendell	671	792
27597	Zebulon	807	957
Total		3,143	3,803

Source: Section Q, page 121 of the application

The applicant states that to project annual DEXA procedure demand between 2025 and 2030, they applied a straight-line interpolation method to allocate the incremental five-year growth evenly across each intermediate year. The applicant states that this method assumes a constant CAGR between 2025 and 2030 for each ZIP code and distributes that growth proportionally on an annual basis.

DEXA Procedure Demand, <Medicare Beneficiaries & Women Aged 50-64							
Zip Code	Area	2025	2026	2027	2028	2029	2030
27527	Clayton	897	945	992	1,040	1,088	1,136
27545	Knightdale	769	799	829	859	889	919
27591	Wendell	671	695	719	744	768	792
27597	Zebulon	807	837	867	897	927	957
Total		3,143	3,275	3,407	3,539	3,671	3,803

Source: Section Q, page 121 of the application

Step 19: DEXA Market Share

The following table projects annual DEXA market shares for the proposed Wendell diagnostic center during the first three years of the proposed project.

Wake Radiology UNC REX Healthcare-Wendell DEXA Market Share				
Zip Code	Area	2027	2028	2029
27527	Clayton	10.0%	20.0%	30.0%
27545	Knightdale	10.0%	20.0%	30.0%
27591	Wendell	10.0%	20.0%	30.0%
27597	Zebulon	10.0%	20.0%	30.0%

Source: Section Q, page 122 of the application

The applicant assumes an increase in market share over the first three years of operation, beginning with 10.0 percent share in 2027 (the first full project year), increasing to 20.0 percent in 2028, and reaching 30.0 percent in 2029 across all service area ZIP codes. The applicant states that the gradual adoption by WR Imaging’s existing patients, align with demonstrated ramp-up experience at other centers, and are grounded in strong physician support and demographic growth trends within the service area.

Step 19: Projected DEXA Scans

The following table summarizes the applicants’ projected DEXA scans based on the projected annual market shares applied to the projected DEXA demand.

Wake Radiology UNC REX Healthcare-Wendell Projected DEXA Scans				
Zip Code	Area	2027	2028	2029
27527	Clayton	99	208	326
27545	Knightdale	83	172	267
27591	Wendell	72	149	230
27597	Zebulon	87	179	278
Total		341	708	1,101

Source: Section Q, page 123 of the application

Step 20: Diagnostic Center Utilization

The following table summarizes total projected utilization by modality for the proposed diagnostic center.

Wake Radiology UNC REX Healthcare- Wendell Projected Utilization By Modality			
Modality	2027	2028	2029
X-Ray	2,216	4,469	6,759
CT	1,208	2,466	5,030
Ultrasound	2,547	3,425	4,316
Mammo	1,542	3,180	4,913
DEXA	341	708	1,101
Total	7,855	14,248	22,120

Source: Section Q, page 123 of the application

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

- The applicant’s utilization projections are based on population projections and use rates for each of the proposed modalities.
- The applicant’s market share projections are based on and supported by its historical experience developing and operating similar diagnostic imaging centers in the service area.

Access to Medically Underserved Groups

In Section C, page 52, 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 the proposed diagnostic services, as clinically appropriate. WR Imaging does not discriminate based on race, ethnicity, age, gender, or disability. “

On page 53, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients during the Third Full Fiscal Year
Low income persons	10.5%
Racial and ethnic minorities	42.9%
Women	62.0%
Persons with Disabilities	*%
Persons 65 ad older	43.2%
Medicare beneficiaries	43.2%
Medicaid recipients	4.9%

*WR Imaging does not retain data that includes the number of 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 based on the following:

- The applicant states that WR Imaging does not discriminate based on race, ethnicity, age, gender, or disability.
- The applicant provides supporting documentation of its non-discrimination policies in Exhibit C.6.

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.

- (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.

C

The applicant proposes to develop a diagnostic center in Wendell. The applicant, as part of the proposed project, plans on relocating two existing breast ultrasound units from other WR Imaging diagnostic centers to the proposed diagnostic center, including one unit located at its North Hills facility and one unit located at its Chapel Hill facility.

In Section D, page 58, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 58, the applicant states:

“Patients will continue to have access to breast ultrasound services at both Wake Radiology UNC REX Healthcare-North Hills and Wake Radiology UNC REX Healthcare-Chapel Hill following the relocation of equipment.”

- *North Hills: This diagnostic center will continue to operate three dedicated breast ultrasound units upon project completion. This inventory is adequate to accommodate patient demand at the facility and ensures uninterrupted access to timely breast imaging.*
- *Chapel Hill: The Chapel Hill diagnostic center sustained flood damage in July 2025 and remains limited in the number and type of services it can currently offer. The breast ultrasound unit identified for relocation has remained unutilized due to these operational constraints. Relocating this idle equipment allows WR Imaging to enhance diagnostic capacity at the proposed site without compromising patient care in Chapel Hill. The facility will continue to operate one breast ultrasound unit as well as one general ultrasound system capable of breast imaging. This configuration is sufficient to meet projected patient demand at this location.*

The information is reasonable and adequately supported because the applicant states the remaining units of equipment at the North Hills and Chapel Hill locations will be adequate to meet the needs of the patients currently served.

In Section Q, Form D, the applicant provides projected utilization, as illustrated in the following table.

Location	Growth Rate	CY2025	CY2026	CY2027	CY2028	CY2029
North Hills	0.5%	2,623	2,657	2,691	2,727	2,762
Chapel Hill	1.3%	1,887	1,897	1,906	1,915	1,925

In Section Q, Form D Utilization, Assumptions and Methodology, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant states that the proposed project involves the relocation of one breast ultrasound machine from Wake Radiology UNC REX Healthcare–North Hills and one breast ultrasound machine from Wake Radiology UNC REX Healthcare–Chapel Hill.
- The applicant states the WR Imaging Breast Ultrasound Procedures for CY2024 at North Hills was 2,589 and Chapel Hill had 1,878 procedures.
- The applicant states that the applicants project breast ultrasound procedures at the North Hills and Chapel Hill diagnostic centers based on the respective five-year CAGR of each county’s projected population.
- The applicant states that the population in Orange County in 2025 is 133,603 and Wake County is 1,304,193, the population in Orange County in 2030 is 136,918 and Wake County is 1,391,344. The applicant states that the CAGR in Orange County is 0.5% and Wake County is 1.3%.

Projected utilization is reasonable and adequately supported based on the needs of patients continuing to use the North Hills and Chapel Hill facilities will be fully met following the reduction of one breast ultrasound unit at each location, while access to diagnostic services will be enhanced systemwide through more efficient equipment allocation.

Access to Medically Underserved Groups

In Section D, pages 59-60, the applicant states:

“Proposed relocation of two breast ultrasound units will not negatively affect the ability of low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, or Medicaid recipients to obtain services. Instead, the project will improve access by ensuring equipment is placed in locations where it can be optimally utilized to meet patient need.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use breast ultrasound units will be adequately met following completion of the project for the following reasons:

- The applicant states that Low-income persons: WR Imaging accepts all patients, regardless of ability to pay, and participates in both Medicare and Medicaid. The continued availability of multiple breast ultrasound units at North Hills and Chapel Hill ensures that low-income persons will maintain the same level of access as before. Relocating an unutilized unit expands capacity at the proposed Wendell diagnostic center, thereby improving access for residents of eastern Wake County.
- The applicant states that racial and ethnic minorities no reduction in access will occur, as both North Hills and Chapel Hill will continue to operate breast ultrasound services. In addition, locating an additional unit in Wendell enhances access for minority populations living in eastern Wake and Johnston counties, reducing travel burdens and addressing geographic barriers to care.
- The applicant states that women particularly for breast cancer screening and diagnosis. Because sufficient units will remain at both existing centers, women will continue to have convenient access to this service. The redistribution of equipment will allow WR Imaging to extend services to a new community, thereby broadening overall access for women in the region.
- The applicant states that persons with disabilities all WR Imaging facilities are fully ADA-compliant. The reduction of one unit at North Hills and Chapel Hill does not impair access for patients with disabilities, as each facility will retain adequate capacity and accessible equipment.
- The applicant states that persons 65 and older are at higher risk for breast cancer and other conditions requiring diagnostic ultrasound. These patients will continue to have access to breast ultrasound at both existing facilities. Moreover, many older patients face transportation challenges, and expanding access to services in Wendell will reduce travel times for seniors in eastern Wake and Johnston counties.
- The applicant states that Medicare beneficiaries will continue to be served at North Hills and Chapel Hill without limitation. By reallocating equipment to a location with unmet

- need, WR Imaging increases capacity for Medicare beneficiaries in an underserved sub-region of the county.
- The applicant states that WR Imaging participates in the North Carolina Medicaid program, and Medicaid recipients will continue to have access to breast ultrasound services at both existing facilities. By adding capacity in Wendell, the project expands options for Medicaid recipients who live in surrounding communities and who may otherwise face barriers related to transportation or cost.

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 needs of the population currently using the services to be 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

The applicant proposes to develop a diagnostic center in Wendell .

In Section E, pages 63-64 , 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** - The applicant states that maintaining the status quo would not address the demonstrated geographic access needs of residents in Wendell, Zebulon, Clayton, and surrounding eastern Wake County communities. The applicant states that the patient origin data show that nearly 19,000 patients annually already travel from these zip codes to WR Imaging's existing centers. The applicant states that without the proposed site location patients would continue to travel longer distances for diagnostic services. The applicant states that maintaining the status quo would therefore be less effective in meeting community need.
- **Increase Imaging Capacity at Existing Locations** - The applicant states that increasing capacity at Garner, Knightdale, or Raleigh could absorb some additional volume, this alternative would not solve the geographic access challenge faced by residents of Wendell

and Zebulon. The applicant states that expanding services in locations outside eastern Wake County would perpetuate current disparities and inconvenience for patients who must travel farther for care. The applicant states that adding equipment to existing sites could be more costly, as many facilities would require renovation, expansion, or capital improvements to accommodate additional modalities. The applicant states that the proposed Wendell Diagnostic Center offers a comprehensive, purpose-built solution that aligns capacity with demonstrated patient origin patterns and regional growth.

- **Develop the Diagnostic Center in a Different Location** The applicant states that the proposed diagnostic center could be located in another area of Wake or Johnston counties; however, patient origin data clearly demonstrate that Wendell, Zebulon, Knightdale, and Clayton together accounted for nearly 19,000 WR Imaging patients in CY2024. The applicant states that locating the diagnostic center outside Wendell would be less effective because it would not align services with the greatest concentration of patient demand and population growth in eastern Wake County. Further, the proposed Wendell site will be located within a new medical office building at 2111 Oliver Falls Lane, offering a cost-effective, purpose-built space that can be efficiently leased and upfit. The applicant states that developing in another location would require identifying new space, incurring additional site selection and development costs, and potentially delaying project implementation. The applicant states that an alternate location could be more costly and ultimately less effective in meeting community need compared to the proposed Wendell site.

On page 64, the applicant states that its proposal is the most effective alternative because the proposed Wendell Diagnostic Center directly aligns imaging services with the geographic distribution of patients, expands access to a rapidly growing and aging population, and leverages WR Imaging's proven outpatient operational model.

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 reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory review criteria. Therefore, the application can be approved.

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

1. **WR Imaging, LLC and Wake Radiology Diagnostic Imaging, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
 2. **The certificate holder shall develop a diagnostic center by acquiring no more than two mammography units, three ultrasound units, one C-arm (fluoroscopy) unit, one CT scanner, one CT injector, one bone densitometry (DEXA) unit, and one x-ray to be located at Wake Radiology UNC REX Healthcare-Wendell.**
 3. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holders 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 June 1, 2026.**
 4. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditure in Section Q of the application and that would otherwise require a certificate of need.**
 5. **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 develop a diagnostic center in Wendell.

Capital and Working Capital Costs

In Section Q, on Form F.1a, page 126, the applicant projects the total capital cost of the project, as shown in the table below.

Projected Capital Costs		
	WR Imaging, LLC	Total
Renovation Contract	\$1,070,000	\$1,070,000
Medical Equipment	\$3,248,154	\$3,248,154
Non-Medical Equipment	\$134,505	\$134,505
Furniture	\$36,225	\$36,225
Other (Contingency)	\$475,972	\$475,972
Total Capital Cost	\$4,964,857	\$4,964,857

In Exhibit F.1, the applicant provides the assumptions used to project the capital cost. Assumptions that are based on the vendor's cost estimates to develop the diagnostic center. Cost estimates include cost of renovation and equipment.

In Section F, page 67, the applicant projects that start-up costs will be \$50,000 and there will be no initial operating costs. On pages 67-68, 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 based on the following:

- The applicant states the project start-up expenses related to clinical staff, training and supply inventory, assuming two weeks of staff training, on-hand medical supply inventory, marketing/advertising and general and administrative costs prior to the offering of the proposed services.
- The applicant states that start-up expense projection incorporates the assumptions and projections for salaries and other expenses as reflected in Section Q, Form F.3 and Form H of the application.

Availability of Funds

In Exhibit F.2, the applicant provides a letter dated September 15, 2025, from the Senior Vice President of First Citizen Bank documenting the availability of accumulated reserves to fund the working capital needs for the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information provided in Section F and Exhibits F.1 and F.2 of the application.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Section Q, Form F.2b , page 127, the applicant projects that revenues will exceed operating expenses in the second and third years following project completion for the entire facility, as shown in the table below.

Wake Radiology UNC REX Healthcare- Wendell Facility Projected Revenue and Expenses			
	1st Full Fiscal Year CY 2027	2nd Full Fiscal Year CY 2028	3rd Full Fiscal Year CY 2029
Total Procedures	7,855	14,248	22,120
Total Gross Revenues (Charges)	\$3,190,824	\$5,827,348	\$9,522,484
Total Net Revenue	\$1,277,925	\$2,333,853	\$3,813,755
Average Net Revenue per Procedure	\$163	\$164	\$172
Total Operating Expenses (Costs)	\$1,716,265	\$2,256,413	\$2,815,614
Average Operating Expense per Procedure	\$218	\$158	\$127
Net Income	(\$438,340)	\$77,440	\$998,141

The assumptions used by the applicant in preparation of the pro forma financial statements are provided 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 bases its projections of revenues and expenses, including medical supplies, gross patient revenue and expenses on the applicant’s FY 2025 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 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.

C

The applicant proposes to develop a diagnostic center in Wendell.

N.C. Gen. Stat. §131E-176(24a) states, “Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.” The 2025 SMFP does not define a service area for diagnostic centers nor are there any applicable rules that define the service area for diagnostic centers. Accordingly, for purposes of this review, the service area is defined by the applicants. The applicants define the service area for the proposed facility to include the following ZIP codes: 27591 (Wendell), 27597 (Zebulon), 27545 (Knightdale), and 27527 (Clayton). Thus, the service area is Wake and Johnston Counties. Facilities may also serve residents not included in the defined service area.

In Section G.1, page 75, the applicant states,

“There is no publicly available inventory of existing or approved diagnostic centers in North Carolina, nor are there utilization data for diagnostic equipment maintained in the State Medical Facilities Plan (SMFP) or through other publicly available reports from the Division of Health Service Regulation (DHSR). As such, the applicants are unable to provide utilization data for other diagnostic centers that may operate within the defined service area.”

The applicant states that the only utilization information available to the applicants is for their own facilities. Wake Radiology operates a diagnostic center in Knightdale (Wake Radiology UNC REX Healthcare – Knightdale), which offers mammography, X-ray, and ultrasound. The following table summarizes CY2024 utilization data for the existing equipment at the Knightdale diagnostic center.

Wake Radiology UNC REX Healthcare-Knightdale	
Modality	CY2024
X-Ray	3,865
Ultrasound	346
Mammography	3,193
Total	7,404

Source: Section G, page 75 of the application

In Section G.2, page 76, the applicant explains why it believes its proposal would not result in unnecessary duplication of existing or approved diagnostic centers in Wake County. The applicant states:

“The proposed Wendell Diagnostic Center will not result in an unnecessary duplication of existing or approved facilities within the defined service area. The only diagnostic center currently operated by the applicants in the service area is Wake Radiology UNC REX Healthcare – Knightdale, which provides a limited set of modalities: mammography, X-ray, and ultrasound... Further, patient origin data demonstrate that nearly 19,000 WR Imaging patients in CY2024 resided in the service area ZIP codes (Wendell 27591, Zebulon 27597, Knightdale 27545, and Clayton 27527) and traveled to Wake Radiology’s existing centers in Garner, Raleigh, Cary, or Knightdale for imaging services. This shows that demand for imaging services is

already well established, and the Wendell diagnostic center will align capacity with demonstrated patient need and geographic access, not create 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 not a need determination methodology in the 2025 SMFP for diagnostic centers.
- The applicant adequately demonstrates that the proposed diagnostic center is needed in addition to the approved and existing diagnostic centers in the proposed service area.

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.

- (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 develop a diagnostic center in Wendell.

In Section Q, Form H, page 140 the applicant provides the projected full-time equivalent (FTE) positions for the proposed diagnostic center, as illustrated in the following table:

Wake Radiology UNC REX Healthcare-Wendell Staffing	
Position	Projected FTE Positions 3rd FFY 2029
Clinical Coordinator	1.0
Patient Service Representative	2.0
X-ray/C-am/DEXA Tech	1.0
General Ultrasound Tech	1.0
Breast Ultrasound Tech	2.0
Mammography techs	3.0
CT technologist	2.0
Total	12.0

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 Form F.3(b). In Section H, the applicant describes the methods used to recruit or fill new positions and the 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 information provided in Section H, pages 77-78 and in Section Q, Form H, as described above.

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.

- (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 develop a diagnostic center in Wendell.

Ancillary and Support Services

In Section I.1, the applicant identifies the necessary ancillary and support services for the proposed services. On page 79, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit L.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

“All necessary ancillary and support services will be fully available to ensure the effective provision of the proposed diagnostic services. Clinical services, including image interpretation, will be provided directly by Wake Radiology. Administrative, management, and other support services will be provided by Wake Radiology Services, LLC pursuant to a management services agreement, either directly or through contracted arrangements, consistent with Wake Radiology’s operational model across its existing outpatient imaging centers.”

The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the information provided in Section I.1 as described above.

Coordination

In Section I.2, page 80, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in

Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

“Through these collaborative relationships, WR Imaging ensures that its services are not only clinically comprehensive but also responsive to the needs of the broader community. This integration of imaging services with both healthcare providers and social service partners enhances patient access, improves care coordination, and supports better health outcomes across the Triangle region.”

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2 as described above.

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.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;

- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to develop a diagnostic center in Wendell.

In Section K.2. page 83, the applicant states that the project involves renovating 3,100 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 83, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.2.

In Section K.3, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the information and representations made by the applicant on page 84 of the application.

On page 84, 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 that to ensure the proposed project can be developed, providing access to cost effective diagnostic services for service area residents.
- The applicant states that the proposal to renovate the existing medical office space reflects an efficient approach to developing diagnostic services.
- The applicant states that the proposed project will not unduly increase the costs of providing diagnostic services or the costs and charges to the public for the proposed services.

On page 84, the applicant identifies the 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;

NA

The proposed diagnostic center will be a new facility and does not have historical payor information.

- (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;

NA

The proposed diagnostic center will be a new facility and does not have historical payor information.

- (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 90, the applicant projects the payor mix for the proposed diagnostic center during the third full fiscal year (CY2029) of operation following completion of the project, as shown in the table below.

Wake Radiology UNC REX Healthcare-Wendell (Diagnostic Center-All Modalities)	
Payor Source	Percentage of Total Patients Served
Self-Pay	0.8%
Medicare *	43.2%
Medicaid^	4.9%
Insurance*	51.2%
Total	100.0%

*Including any managed care plans

Source: Section L, page 90 of the application

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.8% of total services will be provided to self-pay patients, 43.2% to Medicare patients and 4.9% to Medicaid patients.

On page 92, the applicant provides the assumptions and methodology used to project payor mix during the first three years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant states that the Garner diagnostic center offers a comprehensive range of modalities, including CT, mammography, ultrasound, DEXA, and X-ray, that mirrors the proposed scope of services at Wendell.
- The applicant states that the Garner site provides the most appropriate and comparable benchmark for projecting payor distribution across multiple modalities.

The Agency reviewed the:

- Application
- Exhibits to the application

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

In Section L, page 92 , the applicant adequately describes the range of means by which patients will have access to the proposed services.

- (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 develop a diagnostic center in Wendell .

In Section M.1, 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 have access to the facility for training purposes based on the information provided in Section M, page 94, as described above.

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 develop a diagnostic center in Wendell.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define a service area for diagnostic centers nor are there any applicable rules that define the service area for diagnostic centers. Accordingly, for purposes of this review, the service area is defined by the applicants. The applicants define the service area for the proposed Wendell Diagnostic Center to include the following ZIP codes: 27591 (Wendell), 27597 (Zebulon), 27545 (Knightdale), and 27527 (Clayton). Thus, the service area is Wake and Johnston Counties. Facilities may also serve residents not included in the defined service area.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 95, the applicant states:

“As a freestanding facility, Wake Radiology UNC REX Healthcare – Wendell will provide quality diagnostic services at a lower out-of-pocket cost to most patients, promoting competitive access to lower cost diagnostic services in the identified service area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 95, the applicant states:

“As a freestanding facility, Wake Radiology UNC REX Healthcare – Wendell will provide diagnostic imaging services at a lower cost than hospital-based outpatient departments (HOPDs). Medicare and commercial reimbursement rates for IDTF services are generally lower than those paid in hospital settings, which directly translates to reduced out-of-pocket expenses for patients and lower overall healthcare costs. By aligning capacity with demonstrated patient demand in eastern Wake County, the project will also reduce inefficiencies associated with delayed or distant access to care... In addition, the proposed diagnostic center will benefit from economies of scale across its network of diagnostic centers. Consolidated administrative functions, standardized protocols, and shared management services reduce overhead and enhance efficiency, allowing patients in Wendell to receive high-quality care in a cost-effective manner.”

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

Regarding the impact of the proposal on quality, in Section N, pages 95-97, the applicant states:

“...the applicants will manage utilization by promoting proper resource allocation at all of its freestanding facilities (including the proposed Wendell center) while aiming to provide patients services that offer the highest quality care in a cost-effective and time-efficient manner. To accomplish this, the applicants will maintain a process for monitoring its service offerings, encouraging efficient utilization of its services, and offering ways for physicians and staff throughout its facilities to identify and act on opportunities for improvement...The applicants are committed to offering high quality care in an environment that is safe for patients, physicians, and staff. The applicants will promote safety and manage risk by regularly assessing each practice facility for ways to better prevent and minimize any individual’s exposure to harm at that site. These measures will continue to guide the applicants’ provision of services at its existing facilities and will apply to the proposed Wendell center.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 97, the applicant states:

“The applicants are fully committed to the health and well-being of the residents of the identified service area. To foster benefits for the community, the applicants seek to impact all of its residents through a variety of means to prevent illness and improve the quality of life in the area. Though these services do not provide a financial benefit to

the applicants, they do assist the medically underserved by providing essential healthcare services, earlier detection of disease, and education.”

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

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 develop a diagnostic center in Wendell.

In Section Q, Form O, the applicant identifies all diagnostic centers located in North Carolina owned, and operated, or managed by the applicant or a related entity. The applicant identifies a total of 14 diagnostic centers located in North Carolina. Diagnostic centers are not subject to DHSR license requirements.

After reviewing and considering information provided by the applicant regarding the quality of care provided at all diagnostic centers identified in Form O, the applicant provided sufficient

evidence of quality of care has been provided in the past. Therefore, the applicant 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.

NA

The applicant proposes to develop a diagnostic center in Wendell. The Criteria and Standards for Diagnostic Centers were repealed effective March 16, 2017. Therefore, there are no administrative rules that are applicable to the proposal.