

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 24, 2025

Findings Date: November 24, 2025

Project Analyst: Cynthia Bradford

Co-Signer: Micheala Mitchell

Project ID #: F-12674-25

Facility: Carolinas Rehabilitation-Mount Holly

FID #: 070767

County: Gaston

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop an inpatient dialysis service using three portable dialysis machines

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.

NA

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “the applicant” or “CMHA”) proposes to develop an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly (CR Mount Holly).

The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2025 SMFP or offer a new institutional health service for which there are any policies in the 2025 SMFP. Therefore, Criterion (1) is not applicable to this review.

- (2) Repealed effective July 1, 1987.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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

Patient Origin

N.C.G.S. §131E-176(24a) defines “service area” as “*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 inpatient dialysis services. There are no applicable rules adopted by the Department that define a service area for inpatient dialysis services.

The applicant states in Section C.3, page 22, that its service area for the proposed inpatient dialysis services will be Cleveland, Gaston, Lincoln, and Mecklenburg Counties. The facility may also serve residents of counties not included in their service area.

In Section C.2, page 24, the applicant provides the projected patient origin for inpatients who require dialysis services. The projected patient origin is based on the calendar year (CY) 2024 patient origin of historical CR Mount Holly service area patients.

Carolinas Rehabilitation Mount Holly		
County	Second Full FY of Operation following Project Completion CY2028	
	Inpatient Dialysis Patients	% of Total
Cleveland	12	40.0%
Mecklenburg	10	33.1%
Gaston	4	14.6%
Lincoln	4	12.3%
Total	30	100.0%

Source: Section C, page 24 of the application

In Section C, page 24, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s patient origin are assumptions are reasonable and adequately supported because they are based on the historical patient origin for inpatients at CR Mount Holly who require dialysis services.

Analysis of Need

In Section C, page 26, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 32, the applicant states that CR Mount Holly currently cannot serve patients who need both inpatient rehabilitation and dialysis services, resulting in these patients having to travel outside of their community for care. The

applicant states that the service area's substantial population growth, high share of aging residents, and high prevalence of chronic kidney disease further support the need for accessible inpatient dialysis, as detailed below:

Need for Inpatient Dialysis Services at CR Mount Holly

For CMHA dialysis patients for whom CR Mount Holly is a more convenient option for inpatient rehabilitation care, there are currently two options: (1) transportation to a local outpatient dialysis facility or (2) referral to another inpatient rehabilitation facility that provides dialysis services, a referral that requires patients to travel outside of their community for care. The number of CR Mount Holly service area patients discharged from a CMHA acute care facility to a post-acute care facility who also require dialysis services has increased since calendar year (CY) 2023, from 91 patients in 2023 to 130 patients in 2024. Discharges in 2025 are anticipated to exceed 150 based on annualized January to May data. The development of inpatient dialysis services at CR Mount Holly will enable more accessible and comprehensive care for patients in CR Mount Holly's service area who choose CMHA for care. The proposed project also will ensure that CR Mount Holly is able to provide the full complement of care for patients who require both inpatient rehabilitation and dialysis services, thereby minimizing travel burdens that may compromise the effectiveness of patient care.

Need for Inpatient Dialysis in the Service Area

CR Mount Holly has defined a more focused service area based on its historical patient origin by ZIP code. The majority of CR Mount Holly's inpatient volume (75 percent) for CY 2024 originated from Cleveland, Gaston, Lincoln, and Mecklenburg Counties. The CR Mount Holly service area have experienced substantial population growth over the last five years. According to NC OSBM data, the historical compound annual growth rates (CAGRs) of the populations in Gaston, Lincoln, and Mecklenburg counties were greater than that of North Carolina overall. Additionally, according to NC OSBM data, the population age 65 and over in the projected service area counties is projected to grow substantially through 2030, with all four counties projected to add nearly 45,000 residents age 65 and over by that year. According to the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), the adjusted incidence rate of ESRD for those between the ages of 65 and 74 was 1,225 cases per million population. A large portion of the service area for CR Mount Holly also has a high rate of chronic kidney disease (CKD), a disease that, at more advanced stages, requires a patient to undergo dialysis treatment. This is particularly relevant for Gaston and Cleveland counties. According to 2021 data from the CDC, the most recent year for which data are available, more than 31 percent of Medicare beneficiaries age 65 and older in both counties had CKD, compared with more than 22 percent for neighboring Mecklenburg County.

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

- The applicant provides reasonable explanations regarding the challenges of providing dialysis services to patients receiving inpatient rehabilitation services at CR Mount Holly.

- The applicant provides data demonstrating the need will be supported based on the increase of population growth and aging in the projected service area.

Projected Utilization

In Section Q, Form C, page 90, the applicant provides projected utilization, as shown in the following table.

Form C Utilization Inpatient Dialysis Service	Partial FY 12/01/2026 12/31/2026	1st Full FY CY 2027	2nd Full FY CY 2028
Inpatient Dialysis Patients	0	2	2
Average # of Patients during the Year	2	30	30
# of Treatments/Patient/Year	5.33	5.33	5.33
Total # of Treatments	13	158	160

Source Section Q, Form C of the application

In Section Q, page 91, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Establish Baseline for Patients Receiving Inpatient Dialysis Services at CR Mount Holly

CMHA provides the number of patients admitted to CR Mount Holly after discharge from acute care hospital who require dialysis services during their inpatient rehabilitation stay from CY 2023 to CY 2025, as shown below.

CMHA Acute Care Facility Discharges to Post-Acute Care Facilities Patients from CR Mount Holly Service Area Who Also Require Dialysis Services			
	CY 2023	CY 2024	CY 2025*
Patients Discharged to CMHA Inpatient Rehabilitation Facility	8	7	17
Patients Discharged to Other Facilities for Post- Acute Care	83	123	137
Total Patients	91	130	154

Source: Section Q, Table 2 page 93 of the application

* Annualized based on data from January – May 2025

Step 2: Project Identified Patient Cohort Through the Second FFY Following the Development of the Proposed Project

The applicant utilized the projected population compound annual growth rate (CAGR) of 1.4% from 2025 through 2030 for the four counties comprising the CR Mount Holly service area Cleveland, Gaston, Lincoln, and Mecklenburg counties. Based on the projected growth rate, the applicant projected volume for both patient segments of the potential patient cohort for CR Mount Holly’s inpatient dialysis services through its second full project year, as shown in the table below.

Projected CMHA Acute Care Facility Discharges to Post-Acute Care Facilities Patients from CR Mount Holly Service Area Who Also Require Dialysis Services					
	CY25	CY26	CY27 (PY1)	CY28 (PY2)	CAGR
Patients Discharged to CMHA Inpatient Rehabilitation Facility	17	17	17	18	1.4%
Patients Discharged to Other Facilities for Post-Acute Care	137	139	141	143	1.4%
Total Patients	154	156	158	160	1.4%

Source (CY 2025): Internal data

Note: Figures may not equate due to computer rounding.

* Annualized based on five months of data (January – May 2025).

Step 3: Project CR Mount Holly In-Patient Dialysis Volume

The applicant assumes that it will serve 90 percent of the service area patients who are discharged from a CMHA acute care facility to a CMHA inpatient rehabilitation facility, and 10 percent of service area patients who were discharged from a CMHA acute care facility to another facility for post-acute care. The projected inpatient dialysis patients at CR Mount Holly are shown in the table below.

Projected CR Mount Holly Dialysis Patients			
	CY26*	CY27 (PY1)	CY28 (PY2)
Patients Discharged to CMHA Inpatient Rehabilitation Facility	17	17	18
Shift Percentage to CR Mount Holly	90%	90%	90%
CR Mount Holly Patients Shifted from CMHA Inpatient Rehabilitation Facilities**	1	16	16
Patients Discharged to Other Facilities for Post-Acute Care	139	141	143
Shift Percentage to CR Mount Holly	10%	10%	10%
CR Mount Holly Patients Shifted from Other Post-Acute Facilities^	1	14	14
Total CR Mount Holly Dialysis Patients	2	30	30

Source: Section Q, Table 5, page 95

* CY 2026 is a partial project year. Total represents one month of the proposed services being operational (December 2026).

The applicant states the projected inpatient dialysis patients at CR Mount Holly do not include any service area patients in need of inpatient rehabilitation and inpatient dialysis services who are not discharged from a CMHA acute care facility. The inpatient dialysis patients that CR Mount Holly has projected to treat include only patients who are already receiving inpatient care at a CMHA facility.

Step 4: Project CR Mount Holly Dialysis Treatments

The applicant utilized the CY 2024 average length of stay (ALOS) for its inpatient rehabilitation patients who required inpatient dialysis services at CR Main and CR Northeast

regardless of their county of origin, as well as the average number of dialysis treatments that an inpatient dialysis patient would receive per week. These values, based on CMHA knowledge of both inpatient rehabilitation and dialysis services, are 12.4 and 3, respectively. Utilizing these values, the applicant estimates that a typical dialysis patient at CR Mount Holly will need, on average, 5.33 dialysis treatments during their inpatient rehabilitation stay.

CR Mount Holly plans to offer inpatient dialysis services to up to two patients at a time upon the initiation of services, CMHA believes it is a reasonable assumption that it will be providing dialysis services to two patients at any given time. The projected number of dialysis treatments is shown in the table below.

Projected CR Mount Holly Dialysis Treatments			
	CY26*	CY27 (PY1)	CY28 (PY2)
Total CR Mount Holly Dialysis Patients	2	30	30
Patients at the Beginning of the Year	0	2	2
Patients at the End of the Year	2	2	2
Average # of Patients during the Year	2	2	2
# of Treatments per Patient per Year	5.33	5.33	5.33
Total # of Treatments	13	158	160
# of Dialysis-Capable Rooms	2	2	2
Treatments per Room	6	79	80

Source: Section Q, Tables 7&8, pages 96-97

*CY 2026 is a partial project year. Total represents one month of the proposed services being operational (December 2026).

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

- The applicant’s projected utilization is based on historical utilization of inpatient dialysis patients at CMHA hospitals who are discharged to inpatient rehabilitation.
- The applicant’s projected utilization is based on historical utilization of inpatient dialysis patients at CR Mount Holly and other CMHA affiliated facilities in proximity to the projected service area.
- The applicant’s projected utilization is supported by the projected growth and aging of the service area population.

Access to Medically Underserved Groups

In Section C, page 35, the applicant states,

“As noted in CMHA’s Non-Discrimination Policy Statement, “[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of Atrium Health on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, 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 for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Estimated Percentage of Total Patients during the Second Full Fiscal Year
Low-income persons	
Racial and ethnic minorities	25.8%
Women	57.5%
Persons with Disabilities	
Persons 65 and older	43.6%
Medicare beneficiaries	59.9%
Medicaid recipients	10.8%

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 projected percentages shown reflect the hospital's historical dialysis patient population.

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.

NA

The applicant does not propose to reduce the 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 develop an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

In Section E, page 46, 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 this is not an ideal solution for patients in CR Mount Holly's service area, as it necessitates that both they and their caregivers travel far from their homes to receive or support this unique and demanding care. Given that the proposed project promotes accessibility to healthcare services that are life sustaining in a specialized care setting. The applicant believes that the proposed project is more effective than maintaining the status quo.

- Establish a Relationship with a Different ESRD in the Service Area

The applicant states that this is a less effective means of providing care for these patients. Dialysis services must be administered at least three times weekly, meaning that patients would need to travel from CR Mount Holly to an outside dialysis center nearly half of the days of the week. Additionally, Medicare and other payors expect inpatient rehabilitation patients to receive intensive therapy for a minimum of three hours per day to maintain coverage. When patients must be transported off-site for dialysis treatment, the treatment time and travel time can interfere with meeting daily therapy requirements for continued eligibility in inpatient rehabilitation. Therefore, this was a less effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need because it has adequately demonstrated that the inpatient dialysis services are needed at CR Mount Holly. Furthermore, the application is conforming to all other statutory and regulatory review criteria and 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. **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 inpatient dialysis services with three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.**
 3. **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 F of the application and that would otherwise require a certificate of need.**
 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. Progress reports shall be due on the first day of every sixth month. The first progress report shall be due on May 1, 2026.
 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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly

Capital and Working Capital Costs

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

Projected Capital Cost Carolinas Rehabilitation Mount Holly	
Construction/Renovation Costs	\$594,000
Architect/ Engineering Fees	\$108,400
Medical Equipment	\$190,600
Non-Medical Equipment	\$9,300
Furniture	\$9,000
Consultant Fees: CON Development	\$90,000
Other: IS, Security, Internal Allocation	\$143,300
Total	\$1,144,600

In Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information provided by the applicant in Section Q, Form F.1a, of the application.

In Section F, page 50, the applicant states there will be no start-up costs or initial operating costs associated with the proposed inpatient dialysis service.

Availability of Funds

In Section F.1, page 48, the applicant states that the capital cost will be funded as shown in the table below:

SOURCES OF CAPITAL COST FINANCING		
TYPE	THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY	TOTAL
Loans	\$0	\$0
Accumulated Reserves or OE*	\$1,144,600	\$1,144,600
Bonds	\$0	\$0
Other (Specify)	\$ 0	\$ 0
Total Financing	\$1,144,600	\$1,144,600

*Owner's Equity

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

- In Exhibit F.2-1, the applicant provides a letter from the Chief Financial Officer of CMHA that confirms the availability of sufficient cash reserves to fund the capital needs of the project and commits the necessary funds to the project development.
- In Exhibit F.2-2 the applicant provides copies of the audited financial statements for CMHA, which documents adequate cash and cash equivalents.

Financial Feasibility

The applicant provided pro forma financial statements for the first two full fiscal years of operation following completion of the project. In Section Q, Form F.2, the applicant projects

that revenues will exceed operating expenses in the first and second full fiscal years following completion of the project, as shown in the table below.

Carolina Rehabilitation Mount Holly Total Facility	1st Full FY CY 2027	2nd Full FY CY 2028
Total Gross Revenues (Charges)	\$98,307,209	\$102,686,971
Total Net Revenue	\$31,640,399	\$33,049,173
Total Operating Expenses (Costs)	\$28,017,477	\$29,157,866
Net Income	\$3,622,922	\$3,891,307

Source: Section Q, Form F.2, page 100

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 102. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant provides reasonable assumptions to determine revenue and operating expenses.
- 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 the availability of sufficient funds for 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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

N.C.G.S. §131E-176(24a) defines “service area” as “...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 inpatient dialysis services. There are no applicable rules adopted by the Department that define a service area for inpatient dialysis services. The applicant states in Section C.3, page 22, that its service area for the proposed inpatient dialysis services will be Cleveland, Gaston, Lincoln, and Mecklenburg Counties. The facility may also serve residents of counties not included in their service area.

In Section G, page 56 the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved inpatient dialysis services in Gaston County. The applicant states:

“CR Mount Holly will exclusively provide inpatient dialysis services to existing patients of its facility, meaning its patient base is limited to patients receiving inpatient rehabilitation services at CR Mount Holly.”

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

- The applicant adequately demonstrates that the proposed inpatient dialysis services are being developed for CR Mount Holly patients only.
- There are no CON-approved facilities that provide inpatient dialysis services in Gaston County.

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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

In Section Q, Form H, the applicant provides the projected staffing in full-time equivalent (FTE) positions for the first and second full operating years of the proposed services, as summarized in the following table:

Carolinas Rehabilitation Mount Holly – Inpatient Dialysis Service Staffing, First Two Project Years		
POSITION	1ST FULL FY FFY 2027	2ND FULL FY FFY 2028
Registered Nurse	0.5	0.5
Certified Clinical Hemodialysis Technician	0.5	0.5
Nurse Manager	0.1	0.1
Dietitian	0.1	0.1
Social Worker	0.1	0.1
Total	1.3	1.3

The assumptions and methodology used to project staffing are provided in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.4.

In Section H, pages 58-60, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant states that CMHA does not anticipate any problems or difficulties recruiting the minimal staff necessary to implement the inpatient dialysis service.
- The applicant states that CMHA has in place numerous innovative approaches to recruit and retain staff members based upon proven strategies.

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.

- (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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

Ancillary and Support Services

In Section I.1, page 61, the applicant identifies the necessary ancillary and support services for the proposed dialysis services. On page 61, the applicant states that the ancillary and support services required to provide inpatient dialysis services to CR Mount Holly patients are currently in place at the hospital.

Coordination

In Section I.2, page 62, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant provides copies of support letters submitted by physicians and community health professionals in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in the application and referenced exhibits 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. 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 develop an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

In Section K, page 65, the applicant states that the project involves renovating 1,452 square feet of existing space. Line drawings are provided in Exhibit C.1-2.

In Section K, pages 65-66, 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 that the proposed project renovation was developed to minimize the cost of the project by renovating existing space.
- The applicant states that the proposed project can be developed in a resource-responsible manner while also creating the ability for CR Mount Holly to care for patients who need both inpatient rehabilitation and inpatient dialysis closer to home.

In Section K, page 66, 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 CMHA has set aside excess revenues from previous years to enable it to pay for projects such as the one proposed in this application, without necessitating an increase in costs or charges to pay for the project.

In Section K, pages 66-67, 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

Neither the applicant nor any related entities provide inpatient dialysis services in the service area. On page 71, the applicant provides the following comparison based on percentages of underserved populations served by CR Mount Holly:

Carolinas Rehabilitation Mount Holly	Percentage of Total Patients Served	Percentage of the Population of the Service Area
Female	57.5%	51.7%
Male	42.5%	48.3%
Unknown	0.0%	0.0%
64 and Younger	56.4%	83.1%
65 and Older	43.6%	16.9%
American Indian	0.6%	0.8%
Asian	1.1%	2.0%
Black or African American	22.3%	20.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	71.7%	74.1%
Other Race	1.7%	2.7%
Declined/Unavailable	2.6%	0.0%

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 72, the applicant states that neither CMHA nor CR Mount Holly is not applicable under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L.2, page 73, the applicant states the facility has had no patient civil rights equal access complaints.

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 73, the applicant projects the following payor mix for the proposed services during the second full fiscal year of operation following completion of the project, as shown in the table below:

Carolinas Rehabilitation Mount Holly Historical and Projected Payor Mix during the 2nd Full FY				
	CY 2024	CY 2024	CY 2028	CY 2028
Primary Payor Source	Number of patients	Percentage of Total	Number of patients	Percentage of Total
Self-pay	65	0.3%	0	0.3%
Insurance	3,195	25.2%	7	22.2%
Medicare	4,593	59.9%	19	62.5%
Medicaid	1,254	10.8%	3	10.6%
Other(describe)	136	3.8%	1	4.3%
Total	9,340	100.0%	100.0%	100.0%

Source: Section L, page s 70 & 73 of the application

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 0.0% of total services will be provided to self-pay patients, 62.5% to Medicare patients and 10.6% to Medicaid patients.

On page 73, the applicant provides the assumptions and methodology used to project payor mix during the second full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the hospital’s historical payor mix for inpatients requiring dialysis services.

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 reason 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 75, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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 develop an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

In Section M, page 76, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the information provided in Section M, page 76 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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

N.C.G.S. §131E-176(24a) defines “service area” as “...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 inpatient

dialysis services. There are no applicable rules adopted by the Department that define a service area for inpatient dialysis services. The applicant states in Section C.3, page 22, that its service area for the proposed inpatient dialysis services will be Cleveland, Gaston, Lincoln, and Mecklenburg Counties. The facility may also serve residents of counties not included in their service area.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 78, the applicant states:

“CR Mount Holly is currently unable to care for service area patients requiring both inpatient rehabilitation and dialysis services. As such, these patients must receive care at another facility that can provide both services. For patients who choose CMHA for care, existing options – Carolinas Rehabilitation in Mecklenburg County and Carolinas Rehabilitation Northeast in Cabarrus County – are far for many residents of the service area, requiring significantly more travel and therefore barriers to access for both patients and their caregivers. As such, the proposed project will increase access to dialysis services in the inpatient rehabilitation setting, which will also promote competitive access to these services in the region.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 78, the applicant states:

“The proposed project is indicative of CMHA’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, while also ensuring that it develops the services to meet the needs of the population it serves. The development of inpatient dialysis services at CR Mount Holly will increase the accessibility of care for patients who need both inpatient rehabilitation and inpatient dialysis services, enabling them to receive care closer to home and avoiding otherwise burdensome travel and related expenses both for the facility and the patient’s family.”

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

Regarding the impact of the proposal on quality, in Section N, page 79, the applicant states:

“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 80, the applicant states:

“The proposed project will improve equitable access to care in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin,

age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA's Non-Discrimination policies."

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 an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly.

In Section Q, Form O, the applicant states that CMHA identifies three (3) rehabilitation hospitals located in North Carolina owned, operated or managed by the applicant or a related entity that provide inpatient dialysis services.

In Section O, page 87, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these

facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred at any of these facilities. After reviewing and considering the information provided by the applicant and by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all three (3) facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant proposes to develop an inpatient dialysis service by using three portable dialysis machines at Carolinas Rehabilitation-Mount Holly. There are no administrative rules applicable to the provision of inpatient dialysis services in an inpatient rehabilitation hospital.