

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 14, 2025

Findings Date: November 14, 2025

Project Analyst: Chalice L. Moore

Co-Signer: Mike McKillip

Project ID #: J-12681-25

Facility: UNC Health Emergency & Urgent Care-North Raleigh

FID #: 250779

County: Wake

Applicant: Rex Hospital, Inc.

Project: Develop a freestanding emergency department to be licensed under UNC Health
Rex Hospital

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

Rex Hospital, Inc., hereinafter referred to as “the applicant,” proposes to develop a freestanding emergency department (FSED), UNC Health Emergency & Urgent Care–North Raleigh, to be licensed under UNC Health Rex Hospital.

Need Determination

There is no need determination in the 2025 State Medical Facilities Plan (SMFP) that is applicable to the proposed project.

Policies

There is one policy in the 2025 SMFP which is applicable to this review: *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

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

The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 28, the applicant provides a written statement describing the project’s plan to assure improved energy efficiency and water conservation. The applicant states that the proposed project will utilize experienced architects and engineers to ensure improved energy efficiency and water conservation in the facility design.

The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

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 the following:

- The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop a FSED to be licensed under UNC Health Rex Hospital.

In Section C.1, pages 29 and 30, the applicant describes the project as follows:

“UNC Health Rex proposes to develop UNC Health Emergency & Urgent Care – North Raleigh (“North Raleigh FSED”), a Freestanding Emergency Department (FSED) in northern Wake County to primarily serve residents of Wake County and the growing population in Raleigh. The proposed facility will offer a new option for emergency care services and will reduce the cost of care and excess utilization of emergency services associated with treating non-emergency patients in a high-acuity emergent setting. As will be described more fully throughout this application, the “hybrid”⁷ FSED model to be implemented at North Raleigh FSED will be able to treat the same types of patients that any community hospital-based ED or FSED will treat, including patients with truly emergent conditions and those with less acute, “urgent care” level conditions; however, the charges for those less acute patients will be far less than they would receive in a traditional ED or any existing FSED in the state. The proposed project is one component of UNC Health Rex’s commitment to expand access to emergency care services throughout Wake County, which will include additional freestanding emergency care facilities, including a concurrent application for an FSED facility in Apex...The proposed FSED will be developed within a vacated building located at the intersection of Strickland Road and Creedmoor Road in North Raleigh. North Raleigh FSED will primarily serve residents of Wake County and will provide emergency services 24 hours per day, seven days per week, and urgent care services from 7am to 9pm. Additionally, as per Division of Health Service Regulation (DHSR) licensure standards, North Raleigh FSED will provide laboratory, imaging, and pharmacy services for the patients it serves. ... To develop the proposed North Raleigh FSED, UNC Health Rex intends to acquire the imaging equipment listed in the table above, which includes one fixed Computed Tomography (CT) scanner, one portable ultrasound machine, and one fixed X-ray machine. The table below includes the total UNC Health Rex inventory for similar equipment.”

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 rules adopted by the Department, which receives services from a health service facility.” The 2025 SMFP does not define the service area for emergency departments. The ZIP codes identified by the applicant as the primary service area within the proposed service area are 27609, 27612, 27613, 27615, 27617. The ZIP Codes that the applicants identified as secondary service areas are 27616, 27703, 27604, 27513, 27545, 27560, 27587, 27610, 27614 (See Section C, pages 37-38) These ZIP codes cover areas in Wake, Durham, and Franklin counties. Facilities may also serve residents of counties not included in their service area.

The proposed satellite FSED is not an existing facility and therefore does not have historical patient origin. In Section C, pages 37 and 38, the applicant provides the projected patient origin for the proposed FSED as summarized in the table below.

UNC Health Emergency & Urgent Care- North Raleigh Projected Patient Origin						
UNC Health Emergency & Urgent Care – North Raleigh	FY 1		FY 2		FY 3	
	7/1/2027 to 06/30/2028		07/01/2028 to 06/30/2029		07/01/2029 to 06/30/2030	
County or other geographic area such as ZIP code	# Patients	% Patients	# Patients	% Patients	# Patients	% Patients
Primary Service Area ZIPs: 27609, 27612, 27613, 27615, 27617^	5,406	75.0%	8,213	75.0%	11,089	75.0%
Secondary Service Area ZIPs: 27616, 27703, 27604, 27513, 27545, 27560, 27587, 27610 ,27614^^	1,081	15.0%	1,642	15.0%	2,218	15.0%
Other	721	10.0%	1,095	10.0%	1,478	10.0%
Total	7,208	100.0%	10,950	100.0%	14,785	100.0%

Source: Section C, page 38

In Section C, page 39, the applicant provides the assumptions and methodology used to project patient origin for the proposed ED. The applicant’s assumptions are reasonable and adequately supported because they are based on the proximity to the proposed FSED and the utilization projections provided in Section Q of the application.

Analysis of Need

In Section C, pages 39-60, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states the need for the proposed project is based on the following:

- The projected population growth and aging in the proposed service area and the need for increased access to emergency services.
- UNC Health Rex believes that the hybrid FSED model proposed in this application is the most effective way to address the need for expanded access to emergency services without concern over the challenges that can be present in some traditional FSEDs.

- The overall growth in ED visits at UNC Health Rex facilities has been nearly double the growth rate for all ED facilities in Wake County; UNC Health Rex ED facilities had a 16.8 percent CAGR for ED visits from FY 2021 to FY 2024, compared to the total annual growth rate of 8.5 percent. Both of these rates are significantly higher than the 1.8 percent CAGR for Wake County, indicating a disproportionate increase in ED utilization.

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

- The applicant provides demographic data, including population growth projections for different age groups for the proposed service area from North Carolina Office of State Budget and Management (NC OSBM) to support its projections.
- The applicant provides historical ED utilization data for hospital’s total service area and for the primary service area for proposed project.

Projected Utilization

In Section Q, Form C.2b, pages, the applicant provides projected utilization of emergency, imaging, and ancillary services through the first three full fiscal years (FYs) of operation, state fiscal years, SFY2028-SFY2030 as summarized in the following table:

UNC HEALTH EMERGENCY & URGENT CARE-NORTH RALEIGH			
PROJECTED UTILIZATION			
TYPES OF SERVICE	1ST FULL FY 7/1/2027- 06/30/2028	2ND FULL FY 7/1/2028- 06/30/2029	3RD FULL FY 7/1/2029 06/30/2030
Emergency Department			
# of Treatment Rooms	13	13	13
# of Visits	7,208	10,950	14,785
Laboratory			
# of Encounters	5,637	8,563	11,562
Pharmacy			
# of Encounters	5,190	7,884	10,645
CT Scanner			
# of Units	1	1	1
# of Scans	2,129	3,235	4,368
Fixed X-ray (including fluoro)			
# of Units	1	1	1
# of Procedures	2,188	3,324	4,488
Ultrasound			
# of Units	1	1	1
# of Procedures	444	674	910

In Section Q, pages 124 through 139, the applicant provides the assumptions and methodology used to project utilization, which is summarized below:

Proposed FSED Service Area

The applicant states that *“the proposed service area includes the ZIP code areas within a 17.3-minute drive time radius of the proposed facility.”*

Historical Utilization at UNC Health Rex Facilities

The applicant states, *“UNC Health Rex facility emergency departments treated over 96,000 patients in FY 2024, with visits projected to continue growing in FY 2025, as indicated in Table 2 below. Notably, UNC Health Rex Holly Springs Hospital is expected to nearly double its emergency department volume by FY 2025 from 18,610 in FY 2022 to a projected 34,198 in FY 2025, further demonstrating the need for additional capacity at UNC Health Rex facilities in Wake County.”*

Table 2: UNC Health Rex Historical ED Utilization FY 2022-FY 2025				
ZIP Code	FY2022	FY2023	FY2024	FY2025
UNC Health Rex Hospital	62,917	66,302	64,331	63,878
Rex Holly Springs Hospital	18,610	26,128	31,899	34,198
Total	81,527	92,430	96,230	98,076

Source: Section Q, Table 2, page 127

Historical Utilization at UNC Health Rex ED Facilities from the Service Area

The applicant states, *“Based on annualized data, Based on annualized data, UNC Health Rex will treat 31,025 ED patients from ZIP codes included in the service area in FY 2025. Table 3 below denotes this utilization with visits shown by ZIP code. This comprehensive view establishes the baseline volume of patients from the proposed facility's service area who currently receive care at an existing UNC Health Rex facility.”*

Table 3: UNC Health Rex Historical ED Utilization from Service Area ZIP Codes				
ZIP Code	FY2022	FY 2023	FY 2024	FY 2025
27609	2,387	2,336	2,433	2,393
27612	5,067	4,968	5,269	5,355
27613	3,225	3,439	3,501	3,381
27615	2,309	2,605	2,477	2,592
27617	645	735	742	840
27616	1,879	2,168	2,103	2,155
27703	519	624	591	660
27604	2,060	2,307	2,394	2,359
27513	1,473	1,580	1,446	1,493
27545	1,280	1,433	1,542	1,497
27560	795	813	812	847
27587	1,791	1,969	1,906	1,949
27610	4,243	4,653	4,876	4,671
27614	827	918	802	833
Total ED Visits	28,500	30,548	30,894	31,025

The applicant states, “*To further refine these visits to those that might more readily shift to the proposed FSED, UNC Health Rex examined ED visits by Emergency Severity Index (ESI) level, which is used to categorize patients based on their acuity, with Level 1 as the highest acuity and Level 5 as the lowest. Generally, ESI Levels 4 and 5 are considered more “urgent” than “emergent,” while Level 3 includes both higher acuity urgent care and mid-acuity emergency visits. Patients in Levels 3 to 5 are typically considered “treat and release,” meaning that they are usually discharged after their treatment and are not admitted.*” The applicant provided a table in the application that depicts level of acuity.

The applicant states, “*To further refine the historical utilization used to project future volume, UNC Health Rex estimated the number of ED visits at UNC Health Rex facilities from patients within the 17.3-minute drive time. This volume was calculated by multiplying the number of ED visits with an ESI acuity level of 3 to 5 for each service area ZIP code by the percentage of the population within each service area ZIP code that resides within the 17.3-minute drive time radius.*” The applicant provided a table in the application that depicts the estimated the number of ED visits at UNC Health Rex facilities from patients within the 17.3-minute drive time.

	2025 Population	2029 Population	CAGR*
Service Area Total	706,617	752,776	1.27%

Source: Section Q, Table 6, pages 130

Projected ED Visits

The applicant states, “*Using this overall growth rate of 1.39 percent, UNC Health Rex then projected the potential UNC Health Rex Level 3 to 5 ED Visits by ZIP code within the proposed service area through FY 2031.*”

The projected UNC Health Rex Projected Service Area ED Visits, FY 2025 - FY 2030 are demonstrated on the table below.

Table 7: UNC Health Rex Projected Service Area ED Visits, FY 2025 - FY 2030						
ZIP Code	FY2025	FY 2026	FY 2027	FY 2028	FY2029	FY2030
27609	2,095	2,122	2,149	2,176	2,204	2,232
27612	4,476	4,533	4,591	4,649	4,708	4,768
27613	2,880	2,917	2,954	2,991	3,030	3,068
27615	2,218	2,247	2,275	2,304	2,333	2,363
27617	691	700	709	718	727	736
27616	1,903	1,927	1,952	1,976	2,002	2,027
27703	581	589	596	604	611	619
27604	1,903	2,056	2,082	2,108	2,135	2,162
27513	1,275	1,292	1,308	1,325	1,342	1,359
27545	2,030	1,330	1,347	1,364	1,381	1,399
27560	727	736	745	755	765	774
27587	1,680	1,701	1,723	1,745	1,767	1,790
27610	3,927	3,977	4,028	4,079	4,131	4,184
27614	718	727	737	746	756	765
Total ED Visits (Level 3-5)	26,515	26,853	27,195	27,541	27,892	28,247

Source: Section Q, Table 9, pages 130

The applicant states, *“To project only the number of Level 3 to 5 visits within the service area drive time radius, UNC Health Rex used the estimated population by ZIP code within the service area from Table 5 and applied it to the total projected ED visits from Table 7 above. When only the ZIP code population within the drive time boundary is included, UNC Health Rex projects 17,326 ED visits in FY 2030.”* The applicant provided a table in the application to demonstrate the projected utilization.

Projected Shift in UNC Health Rex ED Volume

The applicant states, *“While UNC Health Rex believes that all of these visits could potentially shift to the proposed FSED, it assumes that only a portion of the projected ED utilization will shift, based on the proximity of the patient’s home ZIP code to the proposed facility, to further refine the projections in a conservative manner. Specifically, UNC Health Rex projects that 75 percent of patients within the PSA and 25 percent from the SSA will shift to the proposed FSED based on proximity and convenience.”*

The projected Shift of ED Visits from UNC Health Rex to North Raleigh FSED, FY 2026 - FY2030 in the table below.

ZIP Code	Service Area	Shift	FY 2026	FY 2027	FY 2028	FY2029	FY2030
27609	Primary	75%	1,587	1,607	1,627	1,648	1,669
27612	Primary	75%	3,400	3,443	3,487	3,531	3,576
27613	Primary	75%	2,188	2,215	2,244	2,272	2,301
27615	Primary	75%	1,685	1,706	1,728	1,750	1,772
27617	Primary	75%	525	531	538	545	552
27616	Secondary	25%	338	342	346	351	355
27703	Secondary	25%	69	69	70	71	72
27604	Secondary	25%	212	215	217	220	223
27513	Secondary	25%	28	28	28	29	29
27545	Secondary	25%	13	13	13	13	13
27560	Secondary	25%	143	145	147	149	151
27587	Secondary	25%	39	39	40	40	41
27610	Secondary	25%	5	5	6	6	6
27614	Secondary	25%	144	146	148	150	152
Total ED Visits (Level 3-5)			10,373	10,505	10,638	10,773	10,910

Source: Section Q, Table 9, pages 131-132

The applicant in Section Q, page 135, provides the steps used to project the number of projected UNC Rex ED visits that would shift to the North Raleigh FSED.

The applicant states, *“The projected shift in service area volume from UNC Health Rex to the proposed North Raleigh FSED facility maintains the same shift rates over the five-year projection period for the Primary Service Area ZIP codes (shifted at 75 percent) and Secondary Service Area ZIP codes (25 percent).”*

The table below demonstrates the projected Shift in Service Area Volume from UNC Health Rex to North Raleigh FSED.

ZIP Code	FY2026	FY 2027	FY 2028	FY 2029	FY2030
PSA Shifted ED Visits	9,383	9,502	9,623	9,745	9,869
SSA Shifted ED Visits	990	1,003	1,015	1,028	1,041
Total ED Visits Shift	10,373	10,505	10,638	10,773	10,910

Source: Section Q, Table 10, pages 132

Projected Service Area Utilization

The applicant states, *“In addition to the projected utilization at North Raleigh FSED based on shifted volume described in the previous steps, UNC Health Rex also expects that overall ED utilization in Wake County and the service area will continue to increase as well. To calculate the estimated growth in utilization for all providers, UNC Health Rex began by analyzing the ED use rates.”*

The ED use rates are provided on the table below.

Table 11: All Facility Wake County ED Use Rate, 2023	
Wake County Population	1,194,900
ED Visits by Wake County Residents	395,481
*ED Visit Use Rate/1,000 population	331.0

Source: Section Q, Table 11, pages 136

The applicant states, “As discussed in Section C.4, the 2025 ESRI population statistics were utilized to determine the most current demographic growth in the service area and Wake County as a whole. Notably, the 1.3 percent CAGR provided in Table 12 below is marginally higher than the projected CAGR for the service area population provided in Section C.4 (1.2 percent), due to the exclusion of ZIP codes outside of Wake County in Section C.4 and the omission of certain ZIP codes within this methodology. These differences reflect the adjustments to the ZIP codes included in the proposed service area for purposes of projected shifts to avoid overlapping with the service areas of UNC Health Rex’s concurrent FSED application. Emergency department visits within the drive time area are projected based on population growth patterns for the ZIP codes included in the service area. However, this total CAGR aligns with the historical CAGR provided in Section C.4. Therefore, the 1.3 percent CAGR for the service area reflects expected demographic changes.”

Table 12: North Raleigh FSED Service Area Projected Population Growth, 2025-2030				
ZIP Code	City	2025 Population	2030 Population	CAGR*
27513	Cary	47,089	47,998	0.4%
27545	Knightdale	35,027	39,474	2.4%
27560	Morrisville	43,331	48,362	2.2%
27587	Wake Forest	92,510	101,475	1.9%
27604	Raleigh	47,366	50,010	1.1%
27609	Raleigh	37,941	41,714	1.9%
27610	Raleigh	82,191	86,776	1.1%
27612	Raleigh	40,800	41,534	0.4%
27613	Raleigh	46,484	46,762	0.1%
27614	Raleigh	34,942	34,948	0.0%
27615	Raleigh	42,775	42,961	0.1%
27616	Raleigh	63,983	70,395	1.9%
27617	Raleigh	21,504	22,483	0.9%
27703	Durham	70,674	77,884	2.0%
Total		706,617	752,776	1.3%

Source: Section Q, Table 12, pages 133

The applicant states, “applied the 2023 Wake County ED visits use rate (331.0/1,000) to the projected population figures in Table 12 to calculate the projected total ED visits for each ZIP code. As indicated in Table 13 below, UNC Health Rex applied this use rate to the population of each ZIP code and calculated the ED visits by year from 2025 to 2030 to project Market ED visits for the service area, regardless of acuity level.”

The table below demonstrates the projected Market ED Visits by ZIP Code, All Levels.

Table 13: Projected Market ED Visits by ZIP Code, All Levels						
ZIP Code	FY 2025	FY 2026	FY 2027	FY 2028	FY2029	FY2030
27513	15,586	15,649	15,711	15,774	15,837	15,887
27545	11,594	11,872	12,157	12,449	12,748	13,066
27560	14,343	14,658	14,981	15,310	15,647	16,008
27587	30,621	31,203	31,795	32,400	33,015	33,588
27604	15,678	15,851	16,025	16,201	16,379	16,553
27609	12,558	12,797	13,040	13,288	13,540	13,807
27610	27,205	27,504	27,807	28,113	28,422	27,610 28,723
27612	13,505	13,559	13,613	13,668	13,722	13,748
27613	15,386	15,402	15,417	15,432	15,448	15,478
27614	11,566	11,566	11,566	11,566	11,566	11,568
27615	14,159	14,173	14,187	14,201	14,215	14,220
27616	21,178	21,581	21,991	22,409	22,409 22,834	23,301
27617	7,118	7,182	7,247	7,312	7,378	7,442
27703	23,393	23,861	24,338	24,825	25,321	25,780
Total ED Visits	233,890	236,856	239,875	242,947	246,074	249,169

Source: Section Q, Table 13, page 134

The applicant states, “Using the total ED visits for all acuity levels from Table 13 above, in Table 14 UNC Health Rex then projected the number of Level 3 to 5 visits by ZIP code (representing 74 percent of all ED Visits). These projections are based on national data for emergency visits by ESI acuity level.” The projected Market ESI Level 3-5 ED Visits by ZIP Code are provided in the application in Section Q, pages 137 and 138.

The applicant states, “Using these Level 3 to 5 visits UNC Health Rex then applied the percentage of the ZIP code’s population within the proposed service area (17.3-minute drive time) and projected the number of Level 3 to 5 market ED visits by ZIP code, as seen in Table 15 below.”

ZIP Code	% Within Drive Time	FY 2025	FY 2026	FY 2027	FY2028	FY2029	FY2030
27513	8.5%	996	1,002	1,008	1,014	1,020	1,025
27545	3.8%	329	338	347	356	365	375
27560	77.8%	8,367	8,569	8,775	8,986	9,201	9,431
27587	2,096	2,141	2,186	2,232	2,232	2,278	2,322
27604	41.2%	4,848	4,911	4,975	5,040	5,105	5,169
27609	99.7%	9,394	9,593	9,795	10,001	10,210	10,431
27610	0.5%	111	113	114	116	117	119
27612	100.0%	10,131	10,193	10,254	10,315	10,376	10,415
27613	100.0%	11,542	11,578	11,613	11,647	11,681	11,726
27614	79.4%	6,887	6,902	6,916	6,929	6,942	6,957
27615	10,621	10,621	10,654	10,686	10,718	10,749	10,773
27616	70.1%	11,138	11,374	11,613	11,857	12,105	12,376
27617	100.0%	5,339	5,399	5,458	5,518	5,578	5,638
27703	46.6%	8,171	8,352	8,536	8,724	8,915	9,094
Total Projected Service Area Level 3-5 ED Visits		89,971	91,117	92,278	93,453	94,643	95,849

Source: Section Q, Table 15, page 135

The applicant states by, “*applying the observed Wake County emergency department use rate of 331.0 visits per 1,000 139 residents to calculate future ED utilization for the service area within the 17.3-minute drive time area based on population growth projections. UNC Health Rex projects there will be 129,525 ED visits for service area residents in FY 2030, with 95,849 of those patients having an ESI acuity level of 3, 4, or 5.*”

The projected Service Area ED Visits Within 17.3-Minute Drive Time, FY 2026 – FY 2031, is provided in the table below.

ZIP Code	FY 2025	FY 2026	FY 2027	FY2028	FY2029	FY2030	CAGR*
All ED Visits (PSA)	64,175	64,992	65,820	66,658	67,507	68,367	1.3%
All ED Visits (SSA)	57,408	58,879	59,629	59,629	60,389	61,158	1.3%
All ED Visits (Service Area Total)	121,583	123,131	124,700	126,288	127,896	129,525	1.3%
Level 3-5 ED Visits (PSA)	47,489	48,094	48,707	49,327	49,955	50,592	1.3%
Level 3-5 ED Visits (SSA)	42,482	43,023	43,571	44,126	44,688	45,257	1.3%
Level 3-5 ED Visits (Service Area Total)^	89,971	91,117	92,278	93,453	94,643	95,849	1.3%

Source: Section Q, Table 16, page 136

North Raleigh Market Share

The applicant states, “*...In addition to simply shifting patients, UNC Health Rex believes that it is reasonable to assume that the proposed FSED will also gain a modest amount of market share. Of note, UNC Health Rex has intentionally limited the amount of market share it*

projects to gain because of the number of existing emergency facilities in the area and the expectation that much of the volume at North Raleigh FSED will be based on patients shifted from UNC Health Rex Hospital, as highlighted in Table 16 above. The overall market share increase for this facility is projected to be 2.5 percent in the first three project years...”

The projected North Raleigh FSED Market Share Gains of FSED-Appropriate Visits is provided in the table below.

Table 17: North Raleigh FSED Market Share Gains of FSED-Appropriate Visits					
			PY 1	PY 2	PY 3
ED Visits	FY 2026	FY 2027	FY2028	FY2029	FY2030
Projected Service Area ESI Level 3-5 ED Visits	91,117	92,278	93,453	94,643	95,849
North Raleigh FSED Market Share Increase% (Net New)	0.0%	0.0%	2.5%	2.5%	2.5%
ED Visits from Market Share Increase	0	0	2,336	2,366	2,396

Source: Section Q, Table 17, pages 136-137

North Raleigh FSED Immigration

The applicant states, “...UNC Health Rex assumes that immigration from outside the service area will comprise 10 percent of total visits, with visits from the PSA and SSA comprising 90 percent. When this subset of ED visits is added to the shifted UNC Health Rex ED patients and the ED visits from market share increases, the proposed facility is projected to have 14,416 visits in FY 2028, increasing to 14,785 in FY 2030.”

The projected North Raleigh FSED Visits Before Ramp-Up Adjustment are shown in the table below.

Table 18: North Raleigh FSED Visits Before Ramp-Up Adjustment			
ED Visits	FY2028 (PY 1)	FY2029 (PY 2)	FY2030 (PY 3)
Shift from UNC Health Rex Existing Facilities	10,638	10,773	10,910
ED Visits from Market Share Increase (2.5%)	2,336	2,336	2,396
Subtotal North Raleigh FSED Visits (90% of Total)	12,975	13,139	13,306
Immigration from Outside 17.3-Minute Drive (10%)	1,442	1,460	1,478
Total North Raleigh FSED Visits	14,416	14,599	14,785

Source: Section Q, Table 18, page 137

The applicant states, “The ramp-up schedule for the proposed facility in Table 19 below reflects a conservative approach to operations, beginning with an initial ramp-up of 50 percent in PY1 (FY 2028), increasing to 75 percent in the second year and 100 percent by the

third project year (FY 2030)."

The projected Ramp-Up Adjustment of North Raleigh FSED Visits, FY 2028 - FY 2030 are shown in the table below.

Table 19: Ramp-Up Adjustment of North Raleigh FSED Visits FY 2028- FY 2030			
ED Visits	FY2028 (PY 1)	FY2029 (PY 2)	FY2030 (PY 3)
Total Projected FSED Visits	14,416	14,599	14,785
Ramp- up Percentage	50.0%	75.0%	100.0%
Visit Reduction for Ramp-up	(7,208)	(3,649)	(0)
Projected Visits PY1- PY3	7,208	10,950	14,785

Source: Section Q, Table 19, page 137

The applicant states, *"To demonstrate the overall reasonableness of the projected utilization for the proposed project, Table 20 below shows the total calculated market share for the proposed FSED based on the assumptions regarding the overall Wake County ED volume shown in previous steps"*.

Table 20: Projected Market Share at North Raleigh FSED					
ED Visits	FY 2026	FY 2027	FY 2028 (PY 1)	FY2029 (PY 2)	FY2030 (PY 3)
Total ED Visits - UNC Health Rex North Raleigh FSED	0	0	7,208	10,950	14,785
Projected Wake County ED Visits	417,080	424,539	432,131	439,859	447,725
North Raleigh FSED Projected Market Share- Wake County	0.0%	0.0%	1.7%	2.5%	3.3%

Source: Section Q, Table 20, page 138

Imaging and Ancillary Services Utilization

The applicant states, "...in order to provide the proposed ED services, the proposed FSED must also include imaging, laboratory and pharmacy services. While the need for these services is not driven by the utilization of each service, but rather by the need to offer the service as part of the provision of emergency care, the CON application form nonetheless requests utilization for each service, and the assumptions and methodology for each is provided below. Of note, particularly with regard to imaging services, UNC Health Rex only proposes one unit of each equipment, which is the minimum needed to provide the service. North Raleigh FSED will not provide scheduled outpatient diagnostic services; thus, all of the utilization for these services will be correlated to emergency department visits and the diagnosing and care of these patients. UNC Health Rex has based the following utilization and assumptions on historical volumes at UNC Health Rex Holly Springs Hospital (RHS)."

The table below shows the ratios used to determine the number of imaging scans provided as part of FY 2024 Outpatient ED encounters at RHS.

Table 21: RSHH Imaging to ED Visit Ratios, FY 2024			
Modality	UNC Health Rex Holly Springs ED Visits (FY 2024)	Imaging Procedures	Ratio to ED Visits
CT	30,762	8,795	0.3
X-ray	30,762	9,254	0.3
Ultrasound	30,762	1,753	0.06

Source: Section Q, Table 21, page 138

In Section Q, page 139, The applicant states, “*UNC Health Rex then applied these ratios to the projected number of ED visits at North Raleigh FSED in the first three project years to calculate the projected number of scans by modality.*”

Table 22: Projected Imaging Volumes at North Raleigh FSED			
	FY 2028 (PY 1)	FY 2029 (PY 2)	FY 2030 (PY 3)
ED Visits	7,208	10,950	14,785
CT scans (0.3)	2,129	3,235	4,368
X-ray (0.3)	2,188	3,324	4,488
Ultrasound (0.06)	444	674	910

Source: Section Q, Table 22, page 139

In Section Q, page 139, the applicant states, “*UNC Health Rex used the ratio of Lab and Pharmacy encounters from RSHH’s outpatient ED visits in FY 2024 to calculate the number of encounters for the proposed project. Of note, the number of lab tests and pharmaceuticals prescribed vary significantly by patient; the encounters represent the ratio of ED patients that had one or more lab tests, and one or more pharmaceuticals dispensed during their visit.*”

The projected RSHH Laboratory and Pharmacy Ratios are provided in the table below.

Table 23: RSHH Laboratory and Pharmacy Ratios, FY 2024			
Ancillary Service	UNC Health Rex Holly Springs ED Visits (FY2024)	Number of Encounters with Service	Ratio to ED Visits
Lab Encounters	30,762	23,994	0.78
Pharmacy Encounters	30,762	22,149	0.72

Source: Section Q, Table 22, page 139

The applicant states, “*UNC Health Rex then used these ratios to calculate the number of lab and pharmacy encounters based on the projected number of ED visits.*”

The projected Lab and Pharmacy Encounters at North Raleigh FSED are provided in the table below.

	FY 2028 (PY 1)	FY 2029 (PY 2)	FY 2030 (PY 3)
ED Visits	7,208	10,950	14,785
Lab Encounters (0.78)	5,637	8,563	11,562
Pharmacy Encounters (0.72)	5,190	7,884	10,645

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

- The applicant documents projected population growth in the population groups most likely to need FSED services.
- Projected utilization is based on the applicant’s historical ED utilization by patients who reside in the proposed service area.

Access to Medically Underserved Groups

In Section C, pages 66-71, the applicant states the proposed freestanding ED will be accessible to all persons in need of medical and emergency care, including low income, racial and ethnic minorities, women, persons with disabilities, the elderly, Medicare and Medicaid beneficiaries. On page 50, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	PERCENTAGE OF TOTAL PATIENTS
Racial and ethnic minorities	46.1%
Women	60.0%
Persons 65 and older	26.8%
Medicare beneficiaries	23.9%
Medicaid recipients	16.4%

Source: Section C, page 70.

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 proposed satellite ED will be licensed as part of UNC Health Rex Hospital.
- The applicant bases its projected service to underserved groups based on its historical service to underserved groups.

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 a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

C

The applicant proposes to develop a FSED to be licensed under UNC Health Rex Hospital

In Section E, pages 79-81, 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 Status Quo- The applicant states, “*As demonstrated in Section C.4 and Form C Assumptions and Methodology, Wake County and the Triangle region continue to experience significant population growth and aging, resulting in increased demand for emergency services. Maintaining the status quo would result in patients in the service area facing delays in receiving care at existing emergency departments as utilization continues to increase. Specific to UNC Health Rex facilities, as utilization continues to grow, capacity constraints would likely worsen as demand grows, necessitating more immediate expansion of those existing EDs without the additional capacity developed through the proposed project. The aging population's increased healthcare utilization, particularly for conditions such as falls-related injuries and hypertension, would continue to strain existing resources without additional emergency capacity in the service area North Raleigh FSED will bring additional emergency department capacity to the proposed service area, enhancing access to healthcare for Wake County residents. For these reasons, maintaining the status quo was determined to be a less effective alternative.*” (page 79)

Expand existing UNC Health Rex Hospital Emergency Departments- The applicant states, “*UNC Health Rex considered adding emergency department capacity at either UNC Health Rex Hospital or UNC Health Rex Holly Springs Hospital. As noted in Section C.4, emergency departments at both facilities are heavily utilized. While adding capacity at existing facilities would provide needed capacity, it would not serve the proposed service area with more convenient emergency services closer to home, nor would it capitalize on a*

residential location with lower traffic density. Hospital-based ED expansion also would not have the benefit of shifting lower-acuity ED visits to another location and preserving hospital ED resources for more complex visits. Development of North Raleigh FSED will provide a convenient, accessible location in northern Wake County for patients to access emergency services and receive acuity appropriate emergent and urgent care.” (pages 79-80)

Develop Urgent Care Facilities Only- The applicant states, “*UNC Health Rex considered developing additional urgent care facilities rather than the proposed hybrid FSED model to address lower-acuity healthcare needs in the service area. UNC Health Rex has previously established numerous urgent care facilities in Wake County that continue to provide access to patients in need of treatment for suspected lower-acuity conditions. However, while urgent care facilities can effectively treat non-emergent conditions and provide extended hours of operation, they are limited in their scope of services and cannot accommodate true emergency cases that require advanced diagnostic capabilities, emergency procedures, or stabilization before transfer. Urgent care facilities typically operate during daytime and evening hours but do not provide 24/7 emergency services that are critical for addressing the healthcare needs identified in this service area.” (page 80)*

Develop a New Hospital and Emergency Department- The applicant states, “*UNC Health Rex considered developing a new hospital with an emergency department to address the comprehensive healthcare needs of the growing Wake County population. However, new hospital development requires substantial capital investment and involves lengthy development timelines. The comprehensive nature of hospital development, including extensive infrastructure, multiple service lines, and complex regulatory approvals, creates a significantly longer pathway to addressing the immediate emergency care capacity constraints experienced in Wake County.” (pages 80-81)*

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. Rex Hospital, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
 - 2. The certificate holder shall develop UNC Health Emergency & Urgent Care-North Raleigh, a freestanding emergency department to be licensed under UNC Health Rex Hospital.**
 - 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 Q of the application and that would otherwise require a certificate of need.**
 - 4. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
 - 5. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on March 1, 2026.**
 - 6. The certificate holder shall execute or commit to a contract for design services for the project no later than four years following the issuance of this certificate of need.**
 - 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (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 FSED to be licensed under UNC Health Rex Hospital.

Capital and Working Capital Costs

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

Projected Capital Costs	
Closing Costs	\$ 50,000
Site Preparation	\$ 22,221
Construction/Renovation Contract(s)	\$ 7,983,948
Landscaping	\$ 18,314
Architect / Engineering Fees	\$ 521,590
Medical Equipment	\$1,500,000
Non-Medical Equipment	\$1,500,000
Furniture	\$100,000
Consultant Fees	\$200,000
Other Fees, Permitting, Project Testing, Contingencies	\$ 1,596,790
Total	\$13,492,863

In Section Q, 141, 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 following:

- Purchase price of land costs are based on the listed offer price for the proposed site. Are based on UNC Health Rex's experience with similar projects.
- Site preparation, constructions, and landscaping costs are based on the experience of the project architect with similar projects.
- Architect and engineering costs are based on UNC Health Rex's experience with similar projects.
- Medical and non-medical equipment costs include both fixed and movable equipment, and are based on vendor quotes and the experience of UNC Health Rex with similar projects.
- Furniture costs, consultant fees and other fees are based on vendor quotes and the experience of UNC Health Rex with similar projects.

In Section F, page 84, the applicant states, *“The proposed project is an expansion of UNC Health Rex’s existing Emergency Department and will be operated as such; therefore, while it will be a new location, it will not be a new health service facility. Because the services are already offered by UNC Health Rex and revenues already exceed operating costs for the hospital, no start-up or initial operating costs will be incurred.”*

Availability of Funds

In Section F, page 82, the applicant states that the capital cost will be funded by Rex Hospital, Inc. as shown in the table below:

Loans	\$0
Accumulated Reserves or Owner's Equity	\$ 13,492,863
Bonds	\$0
Other	\$0
Total	\$ 13,492,863

Exhibit F.2 contains a letter dated August 15, 2025, signed by the Chief Financial Officer for UNC Health Rex, that confirms intent to provide sufficient funding for the project development and attesting to sufficient cash reserves for the proposed capital cost. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information and documentation provided in Section F and Exhibit 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 Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

FORM F.2B PROJECTED REVENUES AND NET INCOME NORTH RALEIGH FSED	1ST FULL FY FY 2028	2ND FULL FY FY 2029	3RD FULL FY FY 2030
Total ED Patient Visits*	7,208	10,950	14,785
Total Gross Revenues (Charges)	\$23,372,052	\$36,497,643	\$50,661,761
Total Net Revenue	\$8,492,186	\$13,261,341	\$18,407,844
Average Net Revenue per ED Visit	\$1,178	\$1,211	\$1,245
Total Operating Expenses (Costs)	\$7,014,396	\$8,316,654	\$9,569,082
Average Operating Expense per ED Visit	\$973	\$760	\$647
Net Income	\$1,477,790	\$4,944,688	\$8,838,761

Source: Form F.2b, Section Q, page 142 of the application.

The assumptions used by the applicant in preparation of the pro-forma financial statements are provided in Section Q, page 144 of the application. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected charges and revenues are based on reasonable and adequately supported assumptions.
- Projected utilization is based on reasonable and adequately supported assumptions. See 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 costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (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 FSED to be licensed under UNC Health Rex Hospital.

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 rules adopted by the Department, which receives services from a health service facility.” The 2025 SMFP does not define the service area for emergency departments. The ZIP codes identified by the applicant as the primary service area within the proposed service area are 27609, 27612, 27613, 27615, 27617. The ZIP Codes that the applicants identified as secondary service areas are 27616, 27703, 27604, 27513, 27545, 27560, 27587, 27610, 27614 (See Section C, pages 37-38) These ZIP codes cover areas in Wake, Durham, and Franklin counties. Facilities may also serve residents of counties not included in their service area.

In Section G, page 92, the applicant states there is one FSED and three hospitals in the proposed service area: WakeMed Brier Creek, Duke Raleigh Hospital, UNC Rex Hospital, and WakeMed North Hospital. The applicant provides the following table:

Facility	Type of ED	2024 Inventory of ED Rooms	FY 2023 ED Visits	FY 2024 ED Visits
Duke Raleigh Hospital	Hospital	29	46,537	47,736
UNC Health Rex Hospital	Hospital	48	66,302	64,331
WakeMed North Hospital	Hospital	32	53,964	55,558
WakeMed Brier Creek	Freestanding	12	29,412	30,105

Source: 2024 and 2025 Hospital License Renewal Applications

In Section G.1, page 92, the applicant states, “*The proposed project is in response to increased demand for emergency department (ED) services, rather than pursuant to a need determination. Accordingly, there is no formally defined service area to determine the*

inclusion of existing and approved health facilities that provide ED services. The applicant proposes that the service area is considered to be a 17.3-minute drive time radius from the proposed facility. Within the service area, there are four other healthcare facilities that provide emergency services: Duke Raleigh Hospital, UNC Health Rex Hospital, WakeMed North Hospital, and WakeMed Brier Creek HealthPlex.”

In Section G, page 92, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved emergency services in the service area. The applicant states:

“As detailed in Section C.4, southwestern Wake County and the service area are in need of additional capacity for emergency services, and nearly all EDs (freestanding or hospital-based) are experiencing sustained growth in utilization. Furthermore, there is only one other FSED within the service area, which is located farther west of other hospital facilities in Wake County. Moreover, the proposed facility will utilize the hybrid FSED model, which represents a departure from the traditional approach by combining both emergency department and urgent care services within a single facility, and will not only be the first of its kind in Wake County, but in the entire state of North Carolina. As such, the proposed project is not expected to result in any unnecessary duplication of existing or approved services and will rather serve to address the high volume of ED visits within Wake County.”

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:

- The applicant adequately demonstrates that current ED utilization is high enough to support additional ED services in the proposed service area.
- The applicant adequately demonstrates that the proposed freestanding emergency department is needed in addition to the existing or approved providers of emergency services in the 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.

The applicant proposes to develop a FSED to be licensed under UNC Health Rex Hospital.

In Section Q, Form H Staffing, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table:

North Raleigh FSED Projected Staffing			
POSITION	1ST FULL FY	2ND FULL FY	3RD FULL FY
Registered Nurse	11.7	12.6	14.0
Directo of Nursing	1.0	1.0	1.0
Laboratory Technicians	4.2	4.2	4.2
Imaging Technologist	7.0	10.2	10.9
Material Management	1.0	1.0	1.0
Front Office	7.7	7.7	8.7
Imaging Manager	1.4	1.4	1.4
Program Director	4.2	4.2	4.2
Scribes	4.2	5.8	7.3
Total	42.5	48.2	52.8

Source: Section Q, Form H, page 146

The assumptions and methodology used to project staffing are provided in Section Q, page 147. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H, pages 94-95, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. The applicant also provides additional supporting information in Exhibits H.1 and M.1.

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

- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for 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 FSED to be licensed under UNC Health Rex Hospital.

Ancillary and Support Services

In Section I, page 96, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 96-97, the applicant explains how each ancillary and support service is or will be made available. The applicant also provides additional supporting information in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because the applicant currently provides emergency services through the UNC Rex Hospital system and has ancillary and support services available for the proposed freestanding ED.

Coordination

In Section I, page 97, the applicant describes its relationship with other local health care and social service providers. 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.

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 FSED to be licensed under UNC Health Rex Hospital.

In Section K, page 100, the applicant states that the project involves the renovation of 11,900 square feet of space. The proposed renovation involves converting the existing structure to accommodate 13 ED treatment rooms and the development of support and treatment areas such as waiting rooms, imaging areas, and other support spaces.

In Section K, pages 100-101, 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 design and means of construction of the proposed facility represents the most cost-effective means of developing a new FSED with consideration to the intended service area. As detailed in Section C.4, the proposed facility is needed to provide accessible care to the rapidly-growing populations of northern Wake County and will enable UNC Health Rex to shift emergent patients from its existing hospital-campus emergency

departments to an accessible facility closer to patients' homes. The project will renovate the existing building footprint to create a highly functional and accessible facility that combines the availability of both emergent and urgent care services in a single hybrid FSED. The cost, design, and means of construction will utilize the combined experience of Intuitive Health and UNC Health Rex for developing similar projects, thereby leading to an efficient use of resources. Lastly, UNC Health Rex believes this is a highly effective use of proposed space that will allow for seamless coordination of care and services within UNC Health Rex facilities ”

In Section K, page 101, 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 proposed project will address a critical healthcare need for emergent and urgent care services in one of the fast-growing counties in North Carolina. As the proposed FSED will be a hybrid model and offer urgent care services between the hours of 7:00 am and 9:00 pm, it will not unduly increase costs to the applicant or charges to the public by evaluating whether the visit requires urgent or emergent care treatment and then billing the patient at the corresponding level of treatment. Furthermore, as a member of UNC Health, UNC Health Rex benefits from significant cost saving measures through the consolidation of multiple services and large economies of scale. This efficiency results in lower costs that are passed to patients in the form of lower charges. In addition, through its conservative fiscal management, UNC Health Rex has set aside excess revenues from previous years to enable it to pay for projects such as the proposed project, without necessitating an increase in costs or charges. Please see the previously referenced Exhibit F.2-2 for audited financial statements.”

In Section K, page 101, and Exhibit B.21, 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

UNC Health Emergency & Urgent Care – North Raleigh is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

UNC Health Emergency & Urgent Care – North Raleigh is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

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

C

In Section L, page 107, the applicant projects the following payor mix for the proposed UNC Health Emergency & Urgent Care – North Raleigh facility during the third full fiscal year of operation following project completion, as shown in the table below:

UNC HEALTH EMERGENCY & URGENT CARE – NORTH RALEIGH	
PAYOR CATEGORY	NORTH RALEIGH FSED PERCENT OF TOTAL PATIENTS SERVED FY 07/01/2030 TO 06/30/2031
Self-Pay	10.1%
Medicare	25.6%
Medicaid	16.4%
Insurance	45.3%
Other	2.6%
Total	100.0%

Source: Table on page 109 of the application

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 10.1% of all facility services at the proposed at UNC Health Emergency & Urgent Care-North Raleigh will be provided to self-pay patients, 25.6% to Medicare patients and 16.4% to Medicaid patients.

On page107, the applicant provides the assumptions and methodology used to project payor mix during the third 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 historic payor mix at existing UNC Health Rex emergency departments.

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 111, 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 a FSED to be licensed under UNC Health Rex Hospital.

In Section M, pages 110-111, the applicant describes the extent to which health professional training programs in the area currently have and will continue to 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 following:

- The applicant has training agreements with health professional training programs at colleges and universities in the proposed service area.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

(15) Repealed effective July 1, 1987.

(16) Repealed effective July 1, 1987.

(17) Repealed effective July 1, 1987.

(18) Repealed effective July 1, 1987.

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

C

The applicant proposes to develop a FSED to be licensed under UNC Health Rex Hospital.

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 rules adopted by the Department, which receives services from a health service facility." The 2025 SMFP does not define the service area for emergency departments. The ZIP codes identified by the applicant as the primary service area within the proposed service area are 27609, 27612, 27613, 27615, 27617. The ZIP Codes that the applicants identified as secondary service areas are 27616, 27703, 27604, 27513, 27545, 27560, 27587, 27610, 27614 (See Section C, pages 37-38) These ZIP codes cover areas in Wake, Durham, and Franklin counties. Facilities may also serve residents of counties not included in their service area.

In Section G, page 92, the applicant states there is one freestanding ED and three hospital in the proposed service area: WakeMed Brier Creek, Duke Raleigh Hospital, UNC Rex Hospital, and WakeMed North Hospital. The applicant provides the following table:

Facility/Location	Type of ED	2024 Inventory of ED Rooms	FY 2023 ED Visits	FY 2024 ED Visits
Duke Raleigh Hospital	Hospital	29	46,537	47,736
UNC Health Rex Hospital	Hospital	48	66,302	64,331
WakeMed North Hospital	Hospital	32	53,964	55,558
WakeMed Brier Creek	Freestanding	12	29,412	30,105

Source: 2024 and 2025 Hospital License Renewal Applications

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 112, the applicant states,

“The proposed project will enhance competition by ensuring access to adequate emergency and urgent care services for patients in Wake County that choose UNC Health Rex for their care. The development of the North Raleigh FSED will enhance access by broadening the geographic distribution of emergency care services and lessening travel time for many patients seeking emergent and urgent care. The project will also improve UNC Health Rex’s ability to compete with other providers by producing an enhanced freestanding emergency and urgent care facility that is differentiated from the existing standalone emergency facilities and urgent care centers in Wake County and that complements UNC Health Rex’s existing hospital-based emergency care services, thus expanding patient choice and giving residents of Wake County an additional option for freestanding emergency care compared to the sole existing provider in the county. The proposed project will further UNC Health Rex’s ability to provide timely and convenient health services that are comprehensive and serve all residents of Wake County, thus conforming with the spirit and legislative intent of the Certificate of Need law..”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 112-113, the applicant states,

“As described in Section C.1, UNC Health Rex is proposing to develop a freestanding emergency department (FSED) in North Raleigh. UNC Health Rex will contain healthcare costs and maximize the healthcare benefit per dollar expended by renovating a vacant retail building, therefore minimizing infrastructure and site development costs, while also ensuring that patients have access to high quality emergency and urgent care services at a recognized location. The proposed project will not only expand access to freestanding emergency services in Wake County but will also provide patients with the ability to walk into the facility for care, regardless of the severity of their injury or illness, and receive care that will be billed at the appropriate level of acuity, thus reducing charges and out-of-pocket expenses, particularly for urgent care-level patients. Furthermore, as discussed in Section C.4,

the model of the FSED will remove the cost prohibitive choice of patients having to decide whether their condition warrants an ED visit or an urgent care visit by billing only for the level of service the patient requires. As such, lower acuity patients who present to the proposed FSED will have access to more cost-effective, appropriate treatments without the higher costs associated with traditional emergency departments.”

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

Regarding the impact of the proposal on quality, in Section N, pages 113- 115, the applicant states,

“UNC Health Rex is committed to providing excellent, high-quality healthcare. UNC Health Rex has a demonstrated reputation for providing high quality healthcare services to its patients. Following the development of the proposed project, UNC Health Rex will operate the first hybrid model FSED in North Carolina. UNC Health Rex has a long history of “firsts” for the Triangle and the state of North Carolina”

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 115, the applicant states,

“By policy, UNC Health Rex promotes equitable access to acute care services by prohibiting the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. Please see Exhibits C.6-1 and C.6-2 for copies of UNC Health Rex’s Patient Registration and Admission Policy and Patient Rights and Responsibilities Policy, which detail UNC Health Rex’s commitment to serve any patient, regardless of age, race, sex, creed, religion, disability, or the patient’s ability to pay. In particular, as stated in UNC Health Rex’s Patient Rights and Responsibilities Policy, patients have the right to receive “care that is free of discrimination” and “medically necessary treatment regardless of [their] ability to pay.”

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 ensures the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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 FSED in Wake County, licensed under UNC Health Rex Hospital.

In Section Q Form O, page 148 the applicant identifies a total of 15 hospitals located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O, page 118, 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 the 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, there were no incidents related to quality of care that occurred in any of its facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at its 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 a freestanding emergency department in Wake County licensed under UNC Health Rex Hospital. There are no administrative rules that are applicable to proposals to develop a freestanding emergency department.