

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 28, 2026

Findings Date: February 4, 2026

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

### COMPETITIVE REVIEW

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Project ID #: J-12671-25  
Facility: WakeMed  
FID #: 943528  
County: Wake  
Applicant: WakeMed  
Project: Develop 164 additional acute care beds pursuant to the 2025 SMFP need determination

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Project ID #: J-12672-25  
Facility: WakeMed North Hospital  
FID #: 990974  
County: Wake  
Applicant: WakeMed  
Project: Change of scope for Project ID # J-12419-23 (Develop 35 additional acute care beds) to develop 25 additional acute care beds pursuant to the 2025 SMFP need determination

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Project ID #: J-12673-25  
Facility: WakeMed Garner Hospital  
FID #: 220581  
County: Wake  
Applicant: WakeMed  
Project: Change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital) to develop 78 additional acute care beds pursuant to the 2025 SMFP need determination and four Level III neonatal beds

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

Page 2

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Project ID #: J-12677-25  
Facility: UNC Health Rex  
FID #: 953429  
County: Wake  
Applicant: Rex Hospital, Inc.  
Project: Change in scope and cost overrun to Project ID# J-12258-22 (develop 18 AC beds) and Project ID#J-12542-24 (develop 20 AC beds) to develop 106 additional acute care beds pursuant to the 2025 SMFP need determination

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Project ID #: J-12680-25  
Facility: UNC Health Rex Wake Forest Hospital  
FID #: 240658  
County: Wake  
Applicant: Rex Hospital, Inc.  
Project: Develop a new 50-bed acute care bed hospital pursuant to the 2025 SMFP need determination and two Level II neonatal beds

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Project ID #: J-12686-25  
Facility: Novant Health Knightdale Medical Center  
FID #: 250782  
County: Wake  
Applicants: Novant Health Knightdale Medical Center, LLC  
Novant Health, Inc.  
Project: Develop a new 26-bed acute care hospital pursuant to the 2025 SMFP need determination

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Project ID #: J-12689-25  
Facility: Duke Cary Hospital  
FID #: 210092  
County: Wake  
Applicant: Duke University Health System, Inc.  
Project: Change in scope and cost overrun to Project ID# J-12029-21 (Develop a new 40-bed acute care hospital) to develop 120 additional acute care beds pursuant to the 2025 SMFP need determination and eight Level II neonatal beds

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Project ID #: J-12690-25  
Facility: Duke Raleigh Hospital

FID #: 923421  
County: Wake  
Applicant: Duke University Health System, Inc.  
Project: Develop 101 additional acute care beds pursuant to the 2025 SMFP need determination

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

## REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

## C All Applications

### Need Determination

The 2025 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional acute care (AC) beds in North Carolina by service area. Application of the need methodology in the 2025 SMFP identified a need for 267 additional AC beds in the Wake County service area. Eight applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) proposing to develop a total of 670 new AC beds. However, pursuant to the need determination, only 267 AC beds may be approved in this review for the Wake County service area. See the Conclusion Following the Comparative Analysis for the Decision.

Only certain persons can be approved to develop new acute care beds in a hospital. On pages 36-37, the 2025 SMFP states:

*“A person who proposes to operate additional acute care beds in a hospital must show that the hospital will provide:*

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services listed below... [listed on page 37 of the 2025 SMFP].”*

## **Policies**

There are two policies in Chapter 4 of the 2025 SMFP that are applicable to the applications received in response to the need determination. *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* and *Policy GEN-5: Access to Culturally Competent Healthcare* are applicable to all eight of the applications.

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

*Policy GEN-5: Access to Culturally Competent Healthcare*, on pages 30-31 of the 2025 SMFP, states:

*“A certificate of need (CON) applicant applying to offer or develop a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity.*

*CON applications will include the following:*

*The applicant shall, in its CON application, address each of the items enumerated below:*

***Item 1:** Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be described in terms including, but not limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.*

***Item 2:** Describe strategies it will implement to provide culturally competent services to members of the medically underserved community described in Item 1.*

***Item 3:** Document how the strategies described in Item 2 reflect cultural competence.*

***Item 4:** Provide support (e.g., best-practice methodologies, evidence-based studies with similar communities) that the strategies described in Items 2 – 3 are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities within the relevant service area.*

***Item 5:** Describe how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.”*

**Project ID #J-12671-25/ WakeMed (WakeMed Raleigh)/ Develop 164 AC Beds**

WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop no more than 164 additional AC beds at the WakeMed Raleigh Campus (WakeMed Raleigh) pursuant to the 2025 SMFP need determination for 267 AC beds in Wake County.

WakeMed Raleigh is located at 3000 New Bern Avenue in Raleigh.

*Need Determination.* In Section B, page 26, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 28, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, page 29, and Exhibit B.20, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

## **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
- The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
- The applicant documents its strategies to provide culturally competent programs and services and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
- The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

### **Project ID #J-12672-25/ WakeMed North Hospital (WakeMed North)/ Develop 25 AC Beds**

WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop 25 new AC beds at WakeMed North Hospital (WakeMed North) pursuant to the 2025 SMFP need determination for 267 AC beds in Wake County which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP). Project ID# J-12419-23 was conditionally approved and the Agency decision is currently under appeal.

WakeMed North is located at 10000 Falls of Neuse Road in Raleigh.

*Need Determination.* In Section B, page 26, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 27, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, page 28, and Exhibit B.20, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
  - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

### **Project ID #J-12673-25/ WakeMed Garner Hospital (WakeMed Garner)/ Develop 78 AC Beds**

WakeMed, (hereinafter referred to as "WakeMed" or "the applicant") proposes to develop 78 new AC beds at WakeMed Garner Hospital (WakeMed Garner) pursuant to the 2025 SMFP need determination for 267 AC beds in Wake County which would be a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital). A certificate of need was issued for Project ID#J-12264-22 on July 14, 2023.

WakeMed Garner is approved, but not yet developed, and will be located at the intersection of White Oak Road and Timber Drive in Garner.

*Need Determination.* In Section B, page 25, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

***Policy GEN-4.*** The proposed capital expenditure for this project is more than \$5 million. In Section B, page 28, the applicant adequately describes its plan for energy efficiency and water conservation.

***Policy GEN-5.*** In Section B, page 29, and Exhibit B.20, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

### **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
  - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

## **Project ID # J-12677-25/ UNC Health Rex (UNC Rex Raleigh)/ Develop 106 AC Beds**

Rex Hospital, Inc. (hereinafter referred to as “Rex Inc.” or “the applicant”) proposes to add no more than 106 new AC beds at UNC Health Rex Hospital (hereinafter also referred to as UNC Rex Raleigh) pursuant to the need determination in the 2025 SMFP for 267 AC beds in Wake County.

UNC is located at 4420 Lake Boone Trail, Raleigh.

*Need Determination.* In Section B, page 26, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 28, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, pages 29-39, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

### **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.

- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services, and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
  - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

**Project ID # J-12680-25/ UNC Health Rex Wake Forest Hospital (UNC Rex Wake Forest)/ Develop a new hospital with 50 AC Beds**

Rex Hospital, Inc. (hereinafter referred to as “Rex Inc.” or “the applicant”) proposes to develop a new acute care hospital, UNC Health Rex Wake Forest Hospital (UNC Rex Wake Forest) with 50 new AC beds pursuant to the need determination in the 2025 SMFP for 267 AC beds in Wake County.

UNC Rex Wake Forest is proposed to be located at the intersection of Capital Blvd. and Durham Road, Wake Forest.

*Need Determination.* In Section B, page 26, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 28, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, pages 29-39, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

**Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services, and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
  - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

**Project ID # J-12686-25/ Novant Health Knightdale Medical Center (Novant Knightdale)/ Develop a new hospital with 26 AC Beds**

Novant Health Knightdale Medical Center, LLC and Novant Health, Inc. (hereinafter referred to as "Novant Inc." or "the applicant") propose to develop a new acute care hospital, Novant Health Knightdale Medical Center (Novant Knightdale) with 26 new AC beds pursuant to the need determinations in the 2025 SMFP for 267 AC beds in Wake County.

Novant Knightdale is proposed to be located at 2949 S. Smithfield Road, Knightdale.

*Need Determination.* In Section B, pages 23-25, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not

propose to develop more acute care beds than are determined to be needed in the Wake County service area.

***Policy GEN-4.*** The proposed capital expenditure for this project is more than \$5 million. In Section B, pages 28-30, the applicant adequately describes its plan for energy efficiency and water conservation.

***Policy GEN-5.*** In Section B, pages 30-34, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

### **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services, and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.

- The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

### **Project ID # J-12689-25/ Duke Cary Hospital (Duke Cary)/ Develop 120 AC Beds**

Duke University Health System, Inc. (hereinafter referred to as “DUHS” or “the applicant”) proposes to develop 120 new AC beds at Duke Cary Hospital (Duke Cary) pursuant to the need determination in the 2025 SMFP for 267 AC beds in Wake County which would be a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh) for a total of 160 AC beds upon completion of the two projects.

Duke Cary is proposed to be located at 200 Duke Health Cary Place, Cary.

*Need Determination.* In Section B, page 23, and Exhibit C.4, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 25 and Section K, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, pages 25-28, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

### **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
  - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
  - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
  - The applicant documents its strategies to provide culturally competent programs and services, and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
  - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

### **Project ID # J-12690-25/ Duke Raleigh Hospital (Duke Raleigh)/ Develop 101 AC Beds**

Duke University Health System, Inc. (hereinafter referred to as "DUHS" or "the applicant") proposes to add no more than 101 AC beds at Duke Raleigh Hospital (Duke Raleigh) pursuant to the need determination in the 2025 SMFP for 267 AC beds in Wake County.

Duke Raleigh Hospital is located at 3400 Wake Forest Road, Raleigh.

*Need Determination.* In Section B, page 24, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 36-37, of the 2025 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-4.* The proposed capital expenditure for this project is more than \$5 million. In Section B, page 26 and Section K, the applicant adequately describes its plan for energy efficiency and water conservation.

*Policy GEN-5.* In Section B, pages 26-29, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

## **Conclusion**

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area.
  - The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2025 SMFP, Chapter 5, pages 36-37.
  - The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
    - 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 applicant adequately demonstrates how the project will provide culturally competent healthcare.
    - The applicant adequately describes the demographics of Wake County with a focus on the medically underserved communities in Wake County.
    - The applicant documents its strategies to provide culturally competent programs and services, and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
    - The applicant adequately describes how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.
- (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 Rest of the Applications**

**NC  
 Novant Knightdale**

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

**Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for acute care bed services at WakeMed Raleigh Hospital.

**WakeMed Raleigh Hospital: Acute Care Beds**

County or other geographic area such as ZIP Code	Historical (10/1/2023 to 9/30/2024)		Third Full FY of Operation following Project Completion (10/1/2034 to 9/30/2035)	
	Patients	% of Total	Patients	% of Total
27610, Raleigh, Wake County	3,766	12.06%	4,254	13.8%
27529, Garner, Wake County	1,933	6.19%	1,201	3.9%
27603, Raleigh, Wake County	1,586	5.08%	1,111	3.6%
27587, Wake Forest, Wake County	1,536	4.92%	1,292	4.2%
27604, Raleigh, Wake County	1,362	4.36%	1,609	5.2%
27616, Raleigh, Wake County	1,338	4.28%	1,275	4.1%
27597, Zebulon, Wake County	1,228	3.93%	1,838	5.9%
27545, Knightdale, Wake County	1,135	3.63%	1,308	4.2%
27591, Wendell, Wake County	1,060	3.39%	1,369	4.4%
27520, Clayton, Johnston County	802	2.57%	585	1.9%
27549, Louisburg, Franklin County	666	2.13%	588	1.9%
27615, Raleigh, Wake County	666	2.13%	419	1.4%
27609, Raleigh, Wake County	552	1.77%	594	1.9%

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

27596, Youngsville, Franklin County	531	1.70%	494	1.6%
27614, Raleigh, Wake County	527	1.69%	419	1.4%
27527, Clayton, Johnston County	522	1.67%	442	1.4%
27606, Raleigh, Wake County	487	1.56%	482	1.6%
27526, Fuquay-Varina, Wake County	475	1.52%	375	1.2%
27613, Raleigh, Wake County	390	1.25%	303	1.0%
27525, Franklinton, Franklin County	382	1.22%	345	1.1%
27612, Raleigh, Wake County	372	1.19%	406	1.3%

Source: Tables on pages 37-38 and 42-43 of the application.

Note: Table continued below.

**WakeMed Raleigh Hospital: Acute Care Beds (continued from table above)**

27601, Raleigh, Wake County	361	1.16%	483	1.6%
27504, Benson, Johnston County	338	1.08%	227	0.7%
27577, Smithfield, Johnston County	327	1.05%	257	0.8%
27557, Middlesex, Nash County	317	1.02%	423	1.4%
27511, Cary, Wake County	298	0.95%	304	1.0%
27501, Angier, Harnett County	295	0.94%	205	0.7%
27703, Durham, Durham County	289	0.93%	277	0.9%
27592, Willow Spring, Wake County	286	0.92%	155	0.5%
27576, Selma, Johnston County	245	0.78%	291	0.9%
28334, Dunn, Harnett County	242	0.77%	232	0.8%
27502, Apex, Wake County	231	0.74%	302	1.0%
27513, Cary, Wake County	218	0.70%	254	0.8%
27617, Raleigh, Wake County	211	0.68%	228	0.7%
27540, Holly Springs, Wake County	204	0.65%	243	0.8%
27519, Cary, Wake County	193	0.62%	264	0.9%
27524, Four Oaks, Johnston County	186	0.60%	137	0.4%
27571, Rolesville, Wake County	176	0.56%	151	0.5%

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

27539, Apex, Wake County	163	0.52%	104	0.3%
27882, Spring Hope, Nash County	156	0.50%	253	0.8%
27560, Morrisville, Wake County	153	0.49%	266	0.9%
27607, Raleigh, Wake County	141	0.45%	190	0.6%
27518, Cary, Wake County	137	0.44%	151	0.5%
27807, Bailey, Nash County	136	0.44%	188	0.6%
27542, Kenly, Johnston County	133	0.43%	134	0.4%
27605, Raleigh, Wake County	120	0.38%	158	0.5%
27608, Raleigh, Wake County	96	0.31%	118	0.4%
27508, Bunn, Franklin County	80	0.26%	100	0.3%
Other Wake County	171	0.55%	169	0.6%
Other in-migration	4,012	12.85%	3,951	12.8%
<b>Total</b>	<b>31,231</b>	<b>100.00%</b>	<b>30,924</b>	<b>100.0%</b>

Source: Tables on pages 37-38 and 42-43 of the application.

In Section C, page 41, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicants' assumptions are reasonable and adequately supported because they are based on the historical [FFY 2024] patient origin for WakeMed Raleigh.

**Analysis of Need**

In Section C, pages 49-75, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for acute care beds in Wake County, demonstrated by the need determination for 267 additional acute care beds in the 2025 SMFP, and the calculated deficit of beds in the WakeMed System (See pages 51-53).
- Increased inpatient bed utilization at WakeMed Raleigh campus (See pages 54-61).
- Population growth, aging and demographic profile in WakeMed Raleigh's proposed catchment area (See pages 62-75).

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

- The 2025 SMFP contains a need determination for 267 acute care beds in Wake County.

- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed Raleigh in Wake County.

Projected Utilization

In Section Q, Forms C.1b, page 148, the applicant provides projected utilization for acute care beds for WakeMed Raleigh.

**WakeMed Raleigh Acute Care Beds: First 3 Project Years-Projected**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>10/1/2032-9/30/2033</b>	<b>10/1/2033-9/30/2034</b>	<b>10/1/2034-9/30/2035</b>
<b>ACUTE Care Beds</b>			
# of Beds*	702	702	702
# of Discharges	29,608	30,262	30,924
# of Patient Days	192,748	197,006	201,624
Average Length of Stay	6.51	6.51	6.52
Occupancy Rate	75.2%	76.9%	78.7%

Might not foot due to rounding.

Source: Form C.1b, page 148.

In Section Q, WakeMed Raleigh Need and Utilization Methodology, pages 153-193, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital, and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2033, FY2034 and FY2035.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 153.)
- WakeMed uses internal WakeMed sources for historical discharge data.

**Assumptions and Methodology**

## **Forecast Need and Acute Non-Neonatal Bed Utilization**

- Step 1. Define WakeMed Raleigh Acute Care Bed Catchment Area (See pages 155-156).*
- Step 2. Determine Historical Discharges for WakeMed Raleigh Hospital from Proposed WakeMed Raleigh Catchment Area (See pages 156-157).*
- Step 3. Determine WakeMed Raleigh's Catchment Area Population by Age Group (See pages 158-161).*
- Step 4. Calculate WakeMed Raleigh Proposed Catchment Area Population Growth Rate by Age Group (See pages 161-162).*
- Step 5. Determine the Historical Average Percent of Discharges from WakeMed Raleigh's Catchment Area by Age Group for WakeMed Raleigh Hospital (See pages 163-165).*
- Step 6. Calculate WakeMed Raleigh's Catchment Area Weighted Population Growth (CAGR) (See pages 165-166).*
- Step 7. Calculate Projected WakeMed Raleigh Discharges from Proposed Catchment Area (See pages 167-168).*
- Step 8. Subtract WakeMed Raleigh Shifts to WakeMed Garner (See pages 169-171).*
- Step 9. Project WakeMed Raleigh Shifts to WakeMed North (See pages 172-174)*
- Step 10. WakeMed Raleigh Catchment Area Patients After Shifts to WakeMed Garner and WakeMed North (See pages 175-176).*
- Step 11. Project Discharges from Other Areas (In-migration) to WakeMed Raleigh (See pages 177-178).*
- Step 12. Estimate WakeMed Raleigh Catchment Area Average Length of Stay ("ALOS") (See pages 179-180).*
- Step 13. Estimate WakeMed Raleigh ALOS and Patient Days (See pages 180-181).*
- Step 14. Calculate WakeMed Raleigh Utilization and Percent Occupancy (See page 182).*
- Step 15. Calculate ICU Bed Utilization (See pages 183-184).*
- Step 16. Calculate WakeMed System Bed Utilization (See pages 185-186).*

### *WakeMed Raleigh Campus Forecast Need and Utilization Methodology for Observation Beds*

- Step 17. Project WakeMed Raleigh Observation Days (See pages 186-188).*

### *WakeMed Raleigh Campus Forecast Need and Utilization Methodology for CT Equipment*

- Step 18. Calculate WakeMed Raleigh's Historical Ratio of CT Scans and Patient Encounters, FY2022-FY2024 (See pages 188-189).*
- Step 19: Project WakeMed Raleigh Total Discharges/Visits by Service Type, FY 2025 – FY 2035 (See page 190).*
- Step 20: Project WakeMed Raleigh Total CT Scans by Service Type, FY 2025 – FY 2035 (See pages 191-192)*

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, remarks at the public hearing, written comments, responses to

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

- The applicant proposes adding 164 new AC beds at WakeMed Raleigh in Wake County and there is a need determination in the 2025 SMFP for 267 AC beds in the Wake County Acute Care Bed Service Area.
- In the 2025 SMFP, the WakeMed Health System shows a projected acute care bed deficit of 214 acute care beds in 2027. The first project year of this proposed project is FY2033.
- The applicant reasonably relied on historical discharges from WakeMed Raleigh's proposed catchment area and grew projected discharges utilizing weighted CAGR's based on population age cohorts. In addition, the applicant reasonably added in-migration which was not included in WakeMed Raleigh's catchment area historical discharges to projected utilization. In-migration was held constant at 13.39% through the third project year (FY2035). The 13.39% was based on the last full year of historical data (FY2024) and was the lowest percent from FY2019 to FY2024. Furthermore, for additional comparison in-migration for the annualized FY2025 (based on 10 months of historical data) was 13.74%.
- Per the data provided by the applicant, the overall population and the 65+ age cohort in the WakeMed Raleigh catchment area is projected to grow 2025 through 2030. More specifically, the 65+ age cohort is projected to grow by 4.1% (363,559 individuals) during the same time period (See Table 9 on page 65). The applicant states that the 65+ age cohort utilizes acute care services at much higher rates than other age groups. The applicant calculated a weighted population growth for the catchment resulting in projecting a 2.2 percent annual increase in discharges between FY2026 and FY2035. WakeMed notes on page 168 that discharges are up from FY2024 to FY2025 by 3.99 percent.
- The applicant relied on data from Claritas, a demographer, to demonstrate the projected population growth and aging in the proposed catchment area. Claritas estimates that the overall CAGR for the catchment area will be 1.31% from 2025 to 2030.
- Per the applicant the WakeMed Raleigh campus consistently reports more Red Diversion hours than other Wake County facilities. (see pages 57-58).
- The applicant accounted for a "shift" of patients to both WakeMed Garner and WakeMed North.
- The applicant utilized an ALOS starting at 5.87 in FY2026. For the first three full project years the ALOS was 6.51, 6.51, and 6.52 respectively. This is reasonable as the applicant projects a shift of lower acuity patients to WakeMed North and WakeMed Garner resulting in WakeMed Raleigh handling a greater percentage of higher acuity patients with longer hospital stays. In comparison, the ALOS for FY2019 was 4.89 and the ALOS for the last full historical year (FY2024) was 5.87. The applicant states that WakeMed Raleigh is a tertiary hospital and a Level I Trauma Center.

### **Access to Medically Underserved Groups**

In Section C.6, page 80, the applicant states,

*“WakeMed ensures access to health care services for all patients, regardless of income, payer status, gender, sexual orientation, race, ethnicity, cultural or physical disability.*

...

*WakeMed ... has long been associated with providing health care services to all persons, regardless of their ability to pay for their care.”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons	19.4%
Racial and ethnic minorities	45.5%
Women	61.9%
Persons with Disabilities*	8.9%
Persons 65 and older	21.9%
Medicare beneficiaries	41.7%
Medicaid recipients	16.7%

Source: Table on page 82 of the application.

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

**Conclusion**

The Agency reviewed the:

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

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

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

#### **Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services at WakeMed North Hospital.

#### **WakeMed North Hospital: Acute Care Beds**

County or other geographic area such as ZIP Code	Historical (10/1/2023 to 9/30/2024)		Third Full FY of Operation following Project Completion (10/1/2031 to 9/30/2032)	
	Patients	% of Total	Patients	% of Total
27587 Wake	1,331	19.9%	2,785	22.2%
27616 Wake	616	9.2%	1,300	10.4%
27614 Wake	530	7.9%	992	7.9%
27596 Franklin	486	7.3%	961	7.7%
27615 Wake	420	6.3%	670	5.3%
27525 Franklin	350	5.2%	666	5.3%
27549 Franklin	279	4.2%	564	4.5%
27703 Durham	214	3.2%	421	3.4%
27597 Wake	180	2.7%	348	2.8%
27610 Wake	168	2.5%	52	0.4%
27613 Wake	172	2.6%	374	3.0%
27604 Wake	161	2.4%	307	2.4%
27609 Wake	133	2.0%	277	2.2%
27617 Wake	126	1.9%	275	2.2%
27591 Wake	124	1.9%	257	2.0%
27545 Wake	107	1.6%	66	0.5%
27571 Wake	108	1.6%	226	1.8%
27522 Granville	43	0.6%	87	0.7%
Other Wake County	394	5.9%	741	5.9%
Other NC Counties and Out of State	732	11.0%	1188	9.5%
<b>Total</b>	<b>6,674</b>	<b>100.0%</b>	<b>12,557</b>	<b>100.0%</b>

Source: Tables on pages 35 and 39 of the application.

In Section C, page 37, and in Section Q the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported.

### **Analysis of Need**

In Section C, pages 41-63, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Need for acute care beds in Wake County as determined by the standard methodology in the 2025 SMFP, and the calculated deficit of beds in the WakeMed System (pages 43-44).
- Increased utilization of acute care beds, specialized care, and the emergency department at WakeMed North (pages 45-54).
- Population growth and aging in WakeMed North's catchment area (pages 54-58).
- Need for observation beds at WakeMed North (pages 59-60).
- Construction efficiency and site constraints of the WakeMed North campus (pages 60-61).
- Statutory limitations of capital expenditures for hospitals not on the "main campus" of a multi-campus hospital (pages 61-62).

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

- The 2025 SMFP contains a need determination for 267 acute care beds in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed North in Wake County.

### *Projected Utilization*

In Section Q, Form C.1b, page 146, the applicant provides projected utilization for acute care beds for WakeMed North specifically, as illustrated in the following tables.

**WakeMed North Acute Care Beds: First 3 Project Years- Projected**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	10/1/2029-9/30/2030	10/1/2030-9/30/2031	10/1/2031-9/30/2032
<b>ACUTE Care Beds</b>			
# of Beds*	131	131	131
# of Discharges	11,982	12,264	12,557
# of Patient Days	39,900	40,839	41,815
ALOS	3.33	3.33	3.33
Occupancy Rate	83.4%	85.4%	87.5%

Source: Form C.1b, page 146 of the application.  
 Might not foot due to rounding.

In Section Q, Wake Med North Need and Utilization Methodology, pages 147-177, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital; and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2030, FY2031 and FY2032.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 148.)

***Assumptions and Methodology:***

***Forecast Acute Care Non-Neonatal Bed Need and Utilization***

- Step 1. Define WakeMed North Acute Care Bed Catchment Area (See pages 149-150).*
- Step 2. Determine Historical Discharges for WakeMed North from North Catchment Area (See page 151).*
- Step 3. Determine WakeMed North’s Catchment Area Population by Age Group (See pages 152-153).*
- Step 4. Calculate WakeMed North’s Catchment Area Compound Annual Population Growth Rate by Age Group (See page 154).*
- Step 5. Determine the Historical Percent of Discharges by Age Group in Each WakeMed North Catchment Area ZIP (See page 155).*
- Step 6. Calculate WakeMed North’s Catchment Area Weighted Population Growth (CAGR)*

*(See pages 156-157).*

- Step 7. Calculate Projected Discharges from WakeMed North's Catchment Area for WakeMed System Hospitals (See pages 158-160).*
- Step 8. Subtract WakeMed North Patient Shift from ZIP Code 27610 and 27545 to WakeMed Garner per WakeMed Garner CON Application (See page 161-163).*
- Step 9. Project Discharge Shift to WakeMed North from WakeMed Raleigh Campus (See pages 164-166).*
- Step 10. Sum WakeMed North Discharges After Shift from WakeMed Raleigh and Shift to WakeMed Garner (See pages 167-168).*
- Step 11. Account for Other WakeMed North Discharges Outside WakeMed North Catchment Area ("In-Migration") Shifted to WakeMed Garner per WakeMed Garner CON Application (See pages 169-171).*
- Step 12. Project In-Migration and Total Discharges for WakeMed North (See pages 172-173).*
- Step 13. Convert Projected North Discharges to Patient Days (See page 174).*
- Step 14. Calculate Utilization and Percent Occupancy (See page 175).*
- Step 15. Calculate WakeMed Systemwide Utilization (See page 176).*

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

- The applicant proposes to add 25 new AC beds at WakeMed North in Wake County and there is a need determination in the 2025 SMFP for 267 AC beds in the Wake County Acute Care Bed Service Area
- In the 2025 SMFP, Table 5A, page 45, the WakeMed Health System shows a projected acute care bed deficit of 214 acute care beds in 2027. The first project year of this proposed project is FY2032.
- The applicant reasonably relied on historical discharges from WakeMed North's proposed catchment area and grew projected discharges utilizing weighted CAGR's based on population age cohorts. In addition, the applicant reasonably added in-migration which was not included in WakeMed North's catchment area historical discharges to projected utilization. In-migration was held constant at 16.87% through the third project year (FY2032). The 16.87% was based on the last full year of historical data (FY2024) and was the lowest percent from FY2019 to FY2024.
- Per the Claritas data provided by the applicant, the overall population and the 65+ age cohort in the WakeMed Raleigh catchment area is projected to grow 2025 through 2030. More specifically, the 65+ age cohort is projected to grow by 4.3% (26,693 individuals) during the same time period (See Table 7 on page 56). The applicant states that the 65+ age cohort utilizes acute care services at much higher rates than other age groups. The applicant calculated a weighted population growth for the catchment resulting in projecting an annual change increase in projected discharges of between 2.34% to 2.52% from FY2026 to FY2032. Based on historical

performance and Claritas data the applicant stated these projections were conservative. (See Table 9, page 158. See also page 159)

- The applicant relied on data from Claritas, a demographer, to demonstrate projected population growth and aging in the proposed catchment area. Claritas estimates that the overall CAGR for the catchment area will be 1.31% from CY2025 to CY2030.
- WakeMed uses internal WakeMed sources for historical discharge data.
- Per the applicant the WakeMed North campus reported 117.53 hours of Red Diversion for FY2025. (see page 53).
- The applicant accounted for a “shift” of patients from WakeMed North to WakeMed Garner and a “shift” of patients to WakeMed North from WakeMed Raleigh.
- The applicant utilized an ALOS of 3.33 percent starting in FY2026 and held constant through the third project year (FY2032). The ALOS of 3.33 was based on the last full year of historical data at WakeMed North (FY2024). The ALOS at WakeMed North has increased at a CAGR of 6.6% from FY2019 through FY2025. The ALOS in FY2025 was 3.59.

**Access to Medically Underserved Groups**

In Section C.6, page 68, the applicant states,

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

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	11.5%
Racial and ethnic minorities	45.6%
Women	64.1%
Persons with Disabilities	7.9%
Persons 65 and older	24.9%
Medicare beneficiaries	65.2%
Medicaid recipients	8.2%

Source: Table on page 70 of the application.

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP is a change of scope to Project ID# J-12264-22 (develop a new 31-bed acute care hospital).

#### **Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin for acute care bed services at WakeMed Garner Hospital. WakeMed Garner Hospital is approved but not yet developed.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

Acute Care Beds	WakeMed Garner Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/1/2028-9/30/2029		10/1/2029-9/30/2030		10/1/2030-9/30/2031	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
27529, Garner, Wake County	1,535	20.0%	1,571	20.0%	1,610	20.0%
27603, Raleigh, Wake County	1,295	16.9%	1,323	16.9%	1,351	16.8%
27526, Fuquay-Varina, Wake County	719	9.4%	740	9.4%	761	9.5%
27610, Raleigh, Wake County	691	9.0%	704	9.0%	717	8.9%
27520, Clayton, Johnston County	524	6.8%	540	6.9%	554	6.9%
27527, Clayton, Johnston County	406	5.3%	419	5.3%	433	5.4%
27501, Angier, Harnett County	384	5.0%	394	5.0%	404	5.0%
27592, Willow Spring, Wake County	321	4.2%	329	4.2%	339	4.2%
27545, Knightdale, Wake County	250	3.3%	255	3.3%	260	3.2%
27606, Raleigh, Wake County	230	3.0%	234	3.0%	236	2.9%
27577, Smithfield, Johnston County	220	2.9%	225	2.9%	230	2.9%
27504, Benson, Johnston County	213	2.8%	218	2.8%	225	2.8%
27539, Apex, Wake County	179	2.3%	184	2.3%	188	2.3%
27524, Four Oaks, Johnston County	119	1.6%	122	1.6%	125	1.6%
Other Wake County	288	3.75%	294	3.75%	302	3.75%
Other In-Migration	288	3.75%	294	3.75%	302	3.75%
<b>Total</b>	<b>7,661</b>	<b>100.0%</b>	<b>7,846</b>	<b>100.0%</b>	<b>8,036</b>	<b>100.0%</b>

Source: Table on page 41 of the application.

In Section C, page 39, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states,

“All Acute Care Beds

*Projected patient origin by ZIP Code for WakeMed Garner Hospital is based on the assumptions and methodologies included in Exhibit C.3, p3. Approximately 93 percent of the WakeMed Garner inpatient origin is projected to result of redirection of service area patients who currently seek care at existing WakeMed acute care hospitals (i.e., Raleigh Campus, North Hospital, and Cary Hospital). See Section Q Assumptions and Methodology. The remaining 7.5 percent of WakeMed Garner patients are assumed to originate from other areas of Wake County and outside Wake County.*

Specialty Acute Care Beds

*At project completion, 8 of WakeMed Garner’s 109 acute care beds will be designated as Intensive Care Units (‘ICU’). Because ICU discharges are projected as 7.34 percent of total acute care bed discharges, the Applicant expects ICU patient origin to represent a portion of the acute care bed patient origin and is included in the total acute care bed patient origin. See above.”*

The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 48-65, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for acute care beds in Wake County, demonstrated by the need determination for 267 additional acute care beds in the 2025 SMFP, and the calculated deficit of beds in the WakeMed System (See pages 48-49).
- Population growth, aging and demographic profile in WakeMed Garner’s proposed catchment area (See pages 50-58).
- WakeMed Acute Care Bed Utilization and Capacity (See pages 60-65).

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

- The 2025 SMFP contains a need determination for 267 acute care beds in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed Garner in Wake County.

**Projected Utilization**

In Section Q, Forms C.1b, page 142, the applicant provides projected utilization for acute care beds for WakeMed Cary as illustrated in the following tables.

**WakeMed Garner Acute Care Beds: First 3 Project Years-Projected**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>10/1/2028-9/30/2029</b>	<b>10/1/2029-9/30/2030</b>	<b>10/1/2030-9/30/2031</b>
<b>ACUTE Care Beds</b>			
# of Beds	109	109	109
# of Discharges	7,661	7,846	8,036
# of Patient Days	25,511	26,127	26,760
ALOS	3.33	3.33	3.33
Occupancy Rate	64.1%	65.7%	67.3%

Might not foot due to rounding.  
 Source: Form C.1b, page 142.

In Section Q, WakeMed Cary Need and Utilization Methodology, pages 147-230, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

### *Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital, and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2029, FY2030 and FY2031.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 148.)

### ***Assumptions and Methodology:***

#### ***Forecast Need and Acute Care Non-Neonatal Bed Utilization***

- Step 1. Define WakeMed Garner Acute Care Bed Catchment Area (See pages 149-150).*
- Step 2. Determine Historical Discharges for WakeMed System Hospitals from Proposed WakeMed Garner Catchment Area (See pages 151-153).*
- Step 3. Determine WakeMed Garner Catchment Area Population by Age Group (See pages 154-155).*
- Step 4. Calculate WakeMed Garner Catchment Area Compound Annual Population Growth Rate by Age Group (See page 156).*
- Step 5. Determine Historical Average Percent of Discharges from WakeMed Garner’s Catchment Area by Age Group for WakeMed System Hospitals (See pages 152-158).*
- Step 6. Calculate WakeMed Garner Catchment Area Weighted Population Growth Rates (CAGR) for each WakeMed System Hospital (See pages 159-161).*
- Step 7. Calculate Projected Discharges from WakeMed Garner’s Catchment Area for WakeMed System Hospitals (See pages 162-165).*
- Step 8. Projected Shift of Inpatient Admissions to WakeMed Garner Hospital (See page 166-172).*
- Step 9. WakeMed Garner Catchment Area Patients After Shifts from Existing WakeMed Hospitals (See page 173).*
- Step 10. Project Discharges from Other Areas (In-migration) to WakeMed Garner (See page 174).*
- Step 11. Convert Projected WakeMed Garner Discharges to Patient Days (See page 175).*
- Step 12. Calculate WakeMed Cary Utilization and Percent Occupancy and Patient Origin (See page 176).*

*Step 13. Calculate WakeMed Systemwide Acute Care Bed Occupancy (See page 177).*

## *II. WakeMed Garner Specialized Acute Care Bed Utilization Methodology*

### *Forecast Utilization of Specialized Acute Care Beds*

*Step 14: Calculate ICU Bed Utilization (See page 178).*

## *III. WakeMed Garner Obstetric Services Need and Utilization Methodology (See page 179)*

### *Forecast Need of Obstetric Services (See page 180)*

*Step 15: Determine the Population of Females Aged 15 to 44 in the WakeMed Garner Catchment Area, FY 2029 – FY 2031 (See pages 180-181)*

*Step 16: Estimate the Total Number of Births in the Catchment Area, FY 2029 – FY 2031 (See page 182)*

### *Forecast Utilization of Obstetric Services (See page 183)*

#### *A. Delivery Discharges*

*Step 17: Determine the WakeMed Garner Catchment Area Delivery Discharges from Existing WakeMed System Hospitals, FY 2024 (See page 184).*

*Step 18: Determine the Population Growth Rate of Females Aged 15 to 44 in the WakeMed Garner Catchment Area, 2025-2030 (See page 185).*

*Step 19: Forecast WakeMed System Delivery Discharges from the WakeMed Garner Catchment Area, FY 2025 – FY 2031 (See pages 186-188).*

*Step 20: Determine Percent Shift of Delivery Discharges from WakeMed System to WakeMed Garner, FY 2029 – FY 2031 (See pages 188-189).*

*Step 21: Estimate the Number of Delivery Discharges Shifted from WakeMed System Hospitals to WakeMed Garner, FY 2029 – FY 2031 (See pages 190-191).*

*Step 22: Estimate the Total Number of Delivery Discharges from WakeMed Garner, FY 2029 – FY 2031 (See page 192).*

*Step 23: Estimated In-Migration for Deliveries at WakeMed Garner (See page 193).*

#### *B. Mothers*

*Step 24: Estimate the Number Birthing Mothers at WakeMed Garner, FY 2029 – FY 2031 (See page 194).*

#### *C. Births by Type*

*Step 25: Estimate the Number of Vaginal and C-section Babies and Mothers at WakeMed Garner, FY 2029 – FY 2031 (See page 195-196).*

*Step 26: Estimate the Number of Mothers and Babies Delivering Via Scheduled and Unscheduled C-sections at WakeMed Garner, FY 2029 – FY 2031 (See pages 196-197).*

#### *Labor & Delivery Rooms*

*Step 27: Estimate LDR Patient Days for WakeMed Garner Vaginal Birth, FY 2029 – FY 2031 (See page 198).*

*Step 28: Estimate the WakeMed Garner LDR patient days for Scheduled and Unscheduled C-sections, FY 2029 – FY 2031 (See page 198-199).*

*Step 29: Estimate the Average Daily LDR Census at WakeMed Garner, FY 2029 – FY 2031 (See page 200).*

*Step 30: Estimate WakeMed Garner LDR utilization, FY 2029 – FY 2031 (See page 201).*

#### *C-Section Operating Room*

*Step 31: Estimate C-section operating room annual surgical hours, FY 2029 – FY 2031 (See page 202).*

*Step 32: Estimate WakeMed Garner C-Section OR Utilization, FY 2029 – FY 2031 (See page 203).*

#### *OB Procedure Room*

*Step 33: Estimate Annual OB Procedure Room Hours at WakeMed Garner, FY 2029 – FY 2031 (See page 204).*

#### *Neonatal Intensive Care Unit: Level III Beds*

*Step 34: Estimate the Number of WakeMed Garner NICU Births, FY 2029 – FY 2031 (See pages 205-206).*

*Step 35: Estimated Number of NICU Patient days at WakeMed Garner, FY 2029 – FY 2031 (See page 206)*

*Step 36: Estimate WakeMed Garner NICU Bed Utilization, FY 2029 – FY 2031 (See page 207)*

#### *Postpartum Recovery Beds*

*Step 37: Estimated Postpartum Bed Patient Days for WakeMed Garner Vaginal Births, FY 2029 – FY 2031 (See page 208)*

*Step 38: Estimated Obstetric Bed Patient Days for WakeMed Garner C-section Mothers, FY 2029 – FY 2031 (See page 209).*

*Step 39: WakeMed Garner Average Daily Census Postpartum Beds, FY 2029 – FY 2031 (See pages 209-210).*

*Step 40: Estimated WakeMed Garner Postpartum Bed Utilization, FY 2029 – FY 2031 (See page 210).*

#### *Bassinets*

*Step 41: Estimated Births Requiring a Bassinet at WakeMed Garner, FY 2029 – FY 2031 (See page 211)*

*Step 42: Estimate Bassinet Babies Associated with WakeMed Garner Vaginal and C-section Births, FY 2029 – FY 2031 (See page 212).*

*Step 43: Estimate Bassinet Patient Days for WakeMed Garner Vaginal Birth, FY 2029 – FY 2031 (See page 213).*

*Step 44: Estimate Bassinet Patient Days - WakeMed Garner C-section Births, FY 2029 – FY 2031 (See page 213).*

*Step 45: Estimated Average Daily Census and Peak Use for WakeMed Garner Bassinets, FY 2029 – FY 2031 (See page 214).*

*Step 46: Estimate Bassinet Utilization at WakeMed Garner, FY 2029 – FY 2031 (See page 215).*

*WakeMed Garner Obstetric Services Program Summary (See page 216)*

*WakeMed Garner Obstetrics Services Market Share Summary (See page 217)*

*Obstetric Services Patient Origin (See page 217)*

#### *IV. WakeMed Garner Emergency Department Need and Utilization Methodology*

*Emergency Department Overview (See page 218)*

##### *Forecast Need Emergency Department*

*Step 47: Determine Population of the WakeMed Garner Catchment Area, FY 2029 – FY 2031 (See page 219).*

*Step 48: Estimate the Total Number of ED Visits in the Catchment Area, FY 2029 – FY 2031 (See page 220)*

##### *Forecast Utilization Emergency Department*

*Step 49: Project WakeMed Garner Emergency Department Utilization, FY 2025 – FY 2031 (See pages 221-222).*

*Emergency Department Patient Origin (See page 222).*

*Step 50: Project WakeMed Garner ED Patient Origin, FY 2029 through FY 2031 (See page 222).*

*V. WakeMed Garner Observation Beds Need and Utilization Methodology*

*Observation Bed Overview*

*Forecast Need Observation Beds*

*Step 51: Project Garner ED Utilization FY 2029 – FY 2031 (See page 224).*

*Step 52: WakeMed Cary ED and Observation Patients – FY 2024 (See page 224).*

*Forecast Observation Bed Utilization*

*Step 53: WakeMed Garner Projected Observation Patients and Beds, FY 2029 – FY 2031 (See page 225)*

*VI. WakeMed Garner Imaging Equipment Utilization*

*Imaging Equipment Overview*

*Forecast Utilization Imaging Equipment*

*Step 54: Calculate WakeMed Garner Historical Ratio of Service Scans to Service Visits/Discharges, FY2022 – FY2024 (See pages 226-227).*

*Step 55: Estimate WakeMed Garner CT and Ultrasound Utilization, FY 2029 – FY 2031 (See pages 228-229).*

*Imaging Equipment Patient Origin*

*Step 56: Estimate Total Number of Imaging Procedures by Catchment Area ZIP Code, FY 2029 – FY 2031 (See page 229).*

*WakeMed Garner Hospital Patient Origin*

*Step 57: Estimate the Patient Origin of WakeMed Garner Hospital, FY 2029 – FY 2031 (See page 230).*

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

- The applicant proposes to add 78 new AC beds at WakeMed Garner in Wake County and there is a need determination in the 2025 SMFP for 267 AC beds in the Wake County Acute Care Bed Service Area
- In the 2025 SMFP, Table 5A, page 45, the WakeMed Health System shows a projected acute care bed deficit of 214 acute care beds in 2027. The first project year of this proposed project is FY2031.
- The applicant relied on data from Claritas Spotlight, a data analytics platform, to obtain demographics, socioeconomic data, and population estimates at a ZIP code level. In the WakeMed Garner catchment area the population by ZIP code level is projected to grow at a CAGR of 1.6 percent from 2025 through 2031 (the third project year) with a net increase of 58,326 residents. The base population in 2025 is 586,194.
- Claritas estimates that the age 65+ cohort in the WakeMed Garner catchment area is projected to grow at a CAGR of 4.75% from 2025 to 2030 with a net increase of 21,621 individuals.
- Per Claritas the age cohort of females aged 15-44 is projected to grow at a CAGR of 0.76% from CY2025 to CY2030.
- WakeMed uses internal WakeMed as a source for historical discharge data.
- The applicant accounted for the projected “shift” of inpatient admissions from other WakeMed facilities.
- The applicant included in-migration at 7.5% which is conservative given the historic in-migration for the other WakeMed acute care facilities (see page 174).

**Access to Medically Underserved Groups**

In Section C.6, page 71, the applicant states,

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

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons	36.7%
Racial and ethnic minorities	49.4%
Women	57.9%
Persons with Disabilities	7.9%
Persons 65 and older	20.3%
Medicare beneficiaries	27.0%
Medicaid recipients	30.9%

Source: Table on page 73 of the application.

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

## **Conclusion**

The Agency reviewed the:

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

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

### **Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed and operating room services at UNC Health REX Hospital.

**UNC Health Rex Hospital: Acute Care Beds**

County	Historical (7/1/2032 to 6/30/2024)		Third Full FY of Operation following Project Completion (7/1/2033 to 6/30/2034)	
	Patients	% of Total	Patients	% of Total
Wake	17,595	64.1%	25,866	64.1%
Johnston	1,980	7.2%	2,911	7.2%
Sampson	1,026	3.7%	1,508	3.7%
Wayne	930	3.4%	1,367	3.4%
Harnett	799	2.9%	1,175	2.9%
Franklin	738	2.7%	1,085	2.7%
Nash	645	2.4%	949	2.4%
Other*	3,729	13.6%	5,482	13.6%
<b>Total</b>	<b>27,443</b>	<b>100.0%</b>	<b>40,344</b>	<b>100.0%</b>

Source: Tables on pages 44 and 46 of the application.

\*Other- The applicant provides the NC counties that are represented in a footnote at the bottom of each table found on pages 44 and 46 of the application. Other also includes other states.

In Section C, page 46, the applicant provides the assumptions and methodology used to project its patient origin. Regarding both the acute care beds and the ORs, the applicant states,

*“UNC Health Rex’s projected patient origin for its acute care beds is based on its existing patient origin for that service. ...*

*Projected patient origin for UNC Health Rex Hospital is based on its FY 2024 patient origin. The total number of patients in each project year is based on the number of patients in FY 2024 projected to grow 1.4 percent per year, growth that is based on the North Carolina Office of State Budget and Management (NC OSBM) Wake County projected population growth rate from 2024 to 2030.”*

The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FY 2024] patient origin for acute care bed services at UNC Rex Hospital and the proposed project is not expected to result in any change in patient origin.

**Analysis of Need**

In Section C, pages 48-66, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The SMFP need determinations for Wake County (pages 49-52).
- The population growth and aging of Wake County (pages 52-56).
- The need for additional acute care capacity in central Wake County (pages 57-58).
- The need for additional acute care at UNC Health Rex Hospital (pages 58-66).

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

- There is a need determination for 267 acute care beds in the Wake County acute care service area in the 2025 SMFP. The applicant is applying to develop 106 acute care beds in Wake County in accordance with the acute care bed need determination in the 2025 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care bed services.
- The applicant demonstrates the need for the proposed additional 106 AC beds at the UNC Rex Raleigh facility.

Projected Utilization

In Section Q, Form C.1b, the applicant provides projected utilization for its acute care beds, as illustrated in the following tables.

**UNC Rex Raleigh: Projected Acute Care Bed Utilization**

	1 <sup>st</sup> FY2032	2 <sup>nd</sup> FY2033	3 <sup>rd</sup> FY2034
Total # of Beds*	608	608	608
# of Discharges	37,725	39,000	40,344
# of Patient Days	191,278	198,276	205,643
Average Length of Stay	5.1	5.1	5.1
Occupancy Rate	86.2%	89.3%	92.7%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 132-148, the applicant provides the assumptions and methodology used to project utilization for both the proposed acute care beds, which is summarized below.

***Background***

- All fiscal years run from July 1st through June 30th.
- The first three fiscal years for this project are FY2032, FY2033 and FY2034.
- The applicant submitted a concurrent (complementary) application seeking to develop a new acute care hospital, UNC Health Rex Wake Forest Hospital (UNC Rex

Wake Forest). The proposed UNC Rex Wake Forest would operate under the UNC Rex Raleigh license.

- UNC REX is currently licensed for 468 AC beds [418 at UNC Rex Raleigh and 50 at UNC HS]
- In addition, UNC Rex Raleigh was approved for 18 new AC beds [Project ID# J-12258-22]. A certificate of need was issued to UNC Rex Raleigh for these 18 AC beds on April 28, 2023. The 18 AC beds have not yet been developed.

Step #1: UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs: Historical Days of Care: The applicant provided the historical patient days of care for UNC Rex Raleigh Licensed Hospitals from FY2019 to FY2025. FY2025 is based on data for 10 months (July 2024 through April 2025). The CAGR for this period was 5.3%. (See Form C Utilization- Assumptions and Methodology, page 133, and Table 1 on page 133).

Step #2: Projected Days of Care for UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs). The applicant projected patient days of care for FY2025 through FY2034 (the 3<sup>rd</sup> Project Year) by growing historical patient days of care at 5.0% which is less than that 5.3% historical CAGR identified in Step #1. The applicant projects that patient days of care at UNC Rex Holly Springs will be “shifted” from UNC Rex Raleigh so projected days of care at UNC Rex Holly Springs are then subtracted from the overall projected days of care. See Form C Utilization- Assumptions and Methodology, page 136, and Table 4 on page 136).

Step #3: The applicant projects and accounts for the days of care to be “shifted” from UN Rex Raleigh to the proposed UNC Rex Wake Forest (see table on page 141).

Step #4: The applicant provides a summary table on page 145.

	PY1 FY32	PY2 FY33	PY3 FY34
UNC Health Rex Hospital	191,278	198,276	205,643
UNC Health Rex Holly Springs Hospital	16,143	16,952	17,801
UNC Health Rex Wake Forest Hospital	6,286	9,641	13,145
UNC Health Rex Total License Acute Care Days	213,707	224,869	236,588

Step #5: Projecting Discharges: The applicant projects discharged by dividing patient days by the ALOS. The applicant utilized an ALOS of 4.8. The ALOS equates to the ALOS at UNC Rex Raleigh for FY2025 and was kept constant through the project years. (See page 146.)

Projected utilization of acute care beds is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County acute care bed service area and the applicant proposes to add 106 additional AC beds at UNC Rex Raleigh.
- In the 2025 SMFP, the UNC Health Rex System shows a projected acute care bed deficit of 118 acute care beds in 2027. The first project year of this proposed project is FY2032.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant projected patient days of care for the UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh, UNC Rex Holly Springs and UNC Rex Wake Forest [proposed]) through the third project year by growing historical utilization at 5.0% which is less than the historical 5.3% for FY2019 to FY2025.
- The applicant projected patient discharges utilizing patient days and an ALOS of 4.8. The ALOS of 4.8 is based on the last historical year (FY2025) at UNC Rex Raleigh. The applicant held the ALOS of 4.8 constant through the third project year.
- Per data from the NCOSBM provided by the applicant, the overall population and the 65+ age cohort in Wake County is projected to grow by 119,603 residents from 2025 to 2030. This is a CAGR of 1.9%. (see pages 53-54) The 65+ age cohort in Wake County, according to NCOSBM provided by the applicant, is projected to grow by a CAGR of 4.5% or 42,829 residents.

**Access to Medically Underserved Groups**

In Section C.6, page 73, the applicant states,

*“UNC Health Rex prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC 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.’”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	na
Racial and ethnic minorities	33.5%
Women	62.6%
Persons with Disabilities*	na
Persons 65 and older	44.7%
Medicare beneficiaries	56.7%
Medicaid recipients	7.4%

Source: Table on page 73 of the application.

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

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

## **Conclusion**

The Agency reviewed the:

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

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

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

## **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

### **Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin for UNC Health Rex Wake Forest Hospital.

Entire Facility	UNC Health Rex Wake Forest Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2031 to 06/30/2032		07/01/2032 to 06/30/2033		07/01/2033 to 06/30/2034	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake (Selected ZIP Codes) ^	18,109	71.7%	27,776	71.7%	37,869	71.7%
Franklin	3,368	13.3%	5,166	13.3%	7,044	13.3%
Wake (All Other ZIP Codes)	2,527	10.0%	3,876	10.0%	5,284	10.0%
Other^^	1,273	5.0%	1,953	5.0%	2,663	5.0%
<b>Total</b>	<b>25,277</b>	<b>100.0%</b>	<b>38,771</b>	<b>100.0%</b>	<b>52,860</b>	<b>100.0%</b>

Source: Table on page 52 of the application.

^Selected ZIP Codes include ZIP Codes 27616, 27614, 27613, 27597, 27587, and 27571 in Wake County; and ZIP codes 27596, 27549, and 27525 in Franklin County.

^^ Other Includes Durham, Granville, Nash, and other counties in NC as well as other states.

In Section C, page 49, the applicant provides the assumptions and methodology used to project its patient origin. In summary, the applicant states,

*“Projected patient origin for UNC Health Rex Wake Forest Hospital is based on the patients proposed to be served as identified in Form C Assumptions and Methodology, aggregated by service component (inpatient, outpatient surgery/procedures, emergency, and imaging). ...*

*As detailed in Form C Assumptions and Methodology, the primary geographic area of service is comprised of selected ZIP codes in northern Wake County and southern Franklin County, whose residents are expected to account for 85 percent of projected UNC Health Rex Wake Forest Hospital utilization. The remaining 15 percent of patients are assumed to originate from outside of this primary geographic service area as immigration. The division of these select ZIP codes’ patient origin is based on fiscal year (FY) 2024 acuity appropriate patients treated at UNC Health Rex Hospital, as described in Form C Assumptions and Methodology.”*

The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 53-89, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for a new hospital as demonstrated by the SMFP acute care bed need determination (pages 54-58).
- The need for a new hospital in northern Wake County (pages 58-80).

- The need for a new hospital for UNC Health Rex patients (pages 80-89).

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

- There is a need determination for 267 acute care beds in the Wake County acute care service area in the 2025 SMFP. The applicant is applying to develop 50 acute care beds in Wake County in accordance with the acute care bed need determination in the 2025 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care bed services.

#### Projected Utilization

In Section Q, Forms C.1b, page 156, the applicant provides projected utilization for its acute care beds, furthermore, in Section Q, page 157, Form C.2b *Projected Medical Equipment-UNC Health Rex Wake Forest Hospital*, Form C.3b *Projected OR Utilization -UNC Health Rex Wake Forest Hospital*, page 158, and Form C.4b *UNC Health Rex Wake Forest Hospital*, page 159, the applicant provides UNC Rex Wake Forest's projected utilization for its proposed procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services as illustrated in the following tables.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

**UNC Rex Wake Forest: Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FFY FY2032</b>	<b>2<sup>nd</sup> FFY FY2033</b>	<b>3<sup>rd</sup> FFY FY2034</b>
<b>Non-Neonatal Beds</b>			
Total # of Beds*	48	48	48
# of Discharges	1,467	2,250	3,067
# of Patient Days	6,286	9,641	13,145
Average Length of Stay	4.3	4.3	4.3
Occupancy Rate	35.9%	55.0%	75.0%
<b>Neonatal Beds</b>			
Total # of Beds (Level II Neonatal)	2	2	2
# of Discharges			
# of Patient Days	191	293	399
Average Length of Stay			
Occupancy Rate	26.2%	40.1%	54.7%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

Source: Form C.1b, page 156.

**UNC Rex Wake Forest: Dedicated C-Section Operating Room Cases**

	<b>PY1 FY32</b>	<b>PY2 FY33</b>	<b>PY3 FY34</b>
Dedicated C-Section ORs	2	2	2
# of C-Sections Performed in Dedicated C-Section ORs	142	218	297
Shared ORs	1	1	1
Inpatient Surgical Cases	310	475	648
Outpatient Surgical Cases	8	12	17
Total Surgical Cases	318	488	665

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

Source: Form C.3b, page 158.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

**UNC Rex Wake Forest: ED, Observation Beds, Ancillary and Support Services**

	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
	<b>FY32</b>	<b>FY33</b>	<b>FY34</b>
<b>Emergency Department</b>			
# of Treatment Rooms	22	22	22
# of Visits	5,078	7,789	10,619
<b>Observation Beds (unlicensed)</b>			
# of Beds	12	12	12
Days of Care	1,550	2,378	3,242
<b>Laboratory</b>			
Tests	159,028	243,920	332,559
<b>Physical Therapy</b>			
Treatments	12,320	18,897	25,763
<b>Occupational Therapy</b>			
Treatments	8,297	12,726	17,351
<b>Respiratory Therapy</b>			
Treatments	22,566	34,612	47,189
<b>Procedure Rooms</b>			
Rooms	3	3	3
Procedures	902	1,384	1,887
<b>CT Scanner</b>			
# of Units	1	1	1
# of Scans	2,656	4,074	5,554
<b>Fixed X-Ray (including fluoro)</b>			
# of Units	3	3	3
# of Procedures	12,697	19,475	26,552
<b>Nuclear Medicine</b>			
# of Units	1	1	1
# of Procedures	189	289	394
<b>Ultrasound</b>			
# of Units	2	2	2
# of Procedures	2,137	3,278	4,469
<b>Interventional Radiology</b>			
# of Units	1	1	1
# of Procedures	133	204	279

Source: Section Q, Form C.2b, page 157 and Form C.4b, page 159.

All Fiscal Years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 161-196, the applicant provides the assumptions and methodology used to project utilization for the acute care beds, operating room, C-Section OR, observation beds, neonatal beds, emergency services, imaging and ancillary services which are summarized below.

*Acute Care Beds*

## Background

\*All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

\*The first three fiscal years for this project are FY2032, FY2033 and FY2034.

\*The applicant submitted a concurrent (complementary) application seeking to develop 106 new acute care beds at UNC Rex Raleigh.

\*UNC is currently licensed for 468 AC beds [418 at UNC Rex Raleigh and 50 at UNC HS]

\*In addition, UNC Rex Raleigh was approved for 18 new AC beds [Project ID# J-12258-22]. A certificate of need was issued to UNC Rex Raleigh for these 18 AC beds on April 28, 2023.

Step #1: UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs: Historical Days of Care: The applicant provided the historical patient days of care for UNC Rex Raleigh Licensed Hospitals from FY2019 to FY2025. FY2025 is based on data for 10 months (July 2024 through April 2025). The CAGR for this period was 5.3%. (See Form C Utilization- Assumptions and Methodology, and Table 1-1 on page 163).

Step #2: Projected Days of Care for UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs). The applicant projected patient days of care for FY2025 through FY2034 (the 3<sup>rd</sup> Project Year) by growing historical patient days of care at 5.0% which is less than that 5.3% historical CAGR identified in Step #1. The applicant projects that patient days of care at UNC Rex Holly Springs will be “shifted” from UNC Rex Raleigh so projected days of care at UNC Rex Holly Springs are then subtracted from the overall projected days of care. See Form C Utilization- Assumptions and Methodology and Table 1-2 on pages 164-166).

Step #3: The applicant projects and accounts for the days of care to be “shifted” from UNC Rex Raleigh to the proposed UNC Rex Wake Forest and In-migration at UNC Rex Wake Forest (pages 166-172).

Step #4: The applicant provides a summary table on page 174.

	PY1 FY32	PY2 FY33	PY3 FY34
UNC Health Rex Hospital	191,278	198,276	205,643
UNC Health Rex Holly Springs Hospital	16,143	16,952	17,801
UNC Health Rex Wake Forest Hospital	6,286	9,641	13,145
UNC Health Rex Total License Acute Care Days	213,707	224,869	236,588

Step #5: Projecting Discharges: The applicant projects discharged by dividing patient days by the ALOS. The applicant utilized an ALOS of 4.8. The ALOS equates to the ALOS at UNC Rex Raleigh for FY2025 and was kept constant through the project years. (See pages 175-176.)

Projected utilization for the acute care beds is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County acute care bed service area and the applicant has applied to develop 50 new acute care beds at the proposed UNC Rex Wake Forest hospital.
- In the 2025 SMFP, the UNC Health Rex System shows a projected acute care bed deficit of 118 acute care beds in 2027. The first project year of this proposed project is FY2032.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant projected patient days of care for the UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh, UNC Rex Holly Springs and UNC Rex Wake Forest [proposed]) through the third project year by growing historical utilization at 5.0% which is less than the historical 5.3% for FY2019 to FY2025.
- The applicant projected patient discharges utilizing patient days and an ALOS of 4.8. The ALOS of 4.8 is based on the last historical year (FY2025) at UNC Rex Raleigh. The applicant held the ALOS of 4.8 constant through the third project year.
- Per data from the NCOSBM provided by the applicant, the overall population in Wake County is projected to grow by 119,603 residents from 2025 to 2030. This is a CAGR of 1.9% (see page 76). The overall population of Franklin County is projected to grow by a CAGR of 2.6% from 2025 to 2030 per the NCOSBM (see page 76). The 65+ age cohort in Wake County, according to NCOSBM provided by the applicant, is projected to grow by a CAGR of 4.5% or 42,829 residents and Franklin County is projected to grow by 4.8% or 4,151 residents (see page 79).
- The applicant provides data projections from the NCOSBM for women age 15-44 in Wake and Franklin counties projecting a 1.5% and 2.2% growth CAGR from 2025 to 2030 respectively.
- The applicant projected acute care days at UNC Rex Wake Forest, as discussed above, are reasonable and adequately supported. The applicant: 1) identified nine ZIP codes (6 in Wake County and 3 in Franklin County) from which it projected the majority of its projected acute care patients would originate; 2) identified lower acuity patients most likely to utilize the proposed UNC Rex Wake Forest hospital and grew those patients at a CAGR of 2.3% based on the historic CAGR for acute care days at UNC Rex Hospital; 3) further identified the lower acuity patients only from the nine ZIP codes and then only projected 80% of those patients and acute care days for the UNC Rex Wake Forest hospital; 4) utilized a “ramp-up” over the first three project years of 50%, 75% and 100% respectively; lastly, the applicant assumed an additional 15% acute care days from in-migration from areas outside the nine ZIP codes.

*Operating Room, Procedure Rooms, C-Section Rooms, Observation Beds, Neonatal Beds, Emergency Services, Imaging and Ancillary Services*

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 176-196, the applicant provides the methodology and assumptions for projecting utilization for the proposed operating room, procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services at UNC Rex Wake Forest.

Projected utilization for the proposed operating room, procedure rooms, dedicated C-Section ORs, observation beds, neonatal beds, emergency services, imaging and ancillary services is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

### Access to Medically Underserved Groups

In Section C.6, page 96, the applicant states,

*“UNC Health Rex prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC 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.’”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons*	na
Racial and ethnic minorities	45.4%
Women	61.6%
Persons with Disabilities*	na
Persons 65 and older	26.7%
Medicare beneficiaries	47.6%
Medicaid recipients	9.8%

Source: Table on page 97 of the application.

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

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

### Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

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

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

**Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as “... the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin for Novant Knightdale Hospital.

Entire Facility	Novant Knightdale Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	CY2030		CY2031		CY2032	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake County	18,327	100.0%	27,406	100.0%	37,434	100.0%
<b>Total</b>	18,327	100.0%	27,406	100.0%	37,434	100.0%

Source: Table on page 46 of the application.

In Section C, pages 46-47, and in Section Q, pages 137-159, the applicant provides the assumptions and methodology used to project its patient origin. The applicant identifies the primary and secondary service area as ZIP codes located within Wake County.

The applicant's assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 47-69, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for acute care beds in the 2025 SMFP (pages 49-51).
- Growth of service area acute care discharges (pages 51-61).
- Projected population growth in the service area (pages 62-66).
- Need to enhance geographic access to acute care beds in Wake County (pages 66-67).
- Proven Community Hospital Model & Local Support (pages 67-69).

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

The projected need and utilization rely on projected discharges and projected average length of stay, neither of which is adequately nor reasonably supported. See discussion below under projected utilization.

**Projected Utilization**

In Section Q, *Assumptions and Methodology*, pages 137-159, and Forms C.1b, page 133, Form C.2b, page 134, and C.3b, page 135, C.4b, page 136, the applicant provides projected utilization for its acute care beds, dedicated C-section OR, procedure rooms, emergency department, medical equipment and other hospital services, as illustrated in the following tables.

*Acute Care Beds*

**Novant Knightdale Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FFY* CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> CY 2032</b>
Total # of Beds	26	26	26
# of Discharges	1,002	1,382	1,782
# of Patient Days	3,939	5,475	7,094
ALOS	3.9	4.0	4.0
Occupancy Rate	41.5%	57.7%	74.7%

Source: Form C.1b, page 133.

\*All fiscal years (FY) are calendar years.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

**Novant Knightdale: C-Section OR and Procedure Rooms**

	<b>1<sup>st</sup> FFY*</b> <b>CY2030</b>	<b>2<sup>nd</sup> FFY</b> <b>CY2031</b>	<b>3<sup>rd</sup> CY</b> <b>2032</b>
<b>Operating Rooms</b>			
Dedicated C-Section OR	1	1	1
Surgical Cases: C-Section OR	95	125	156
<b>Surgical Procedure Rooms</b>			
# of Procedure Rooms	3	3	3
Inpatient Surgical Cases	128	181	237
Outpatient Surgical Cases	373	528	691
Total # of Surgical Cases	502	710	929

Source: Form C.3b, page 135.

\*All fiscal years (FY) are calendar years.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25;  
J-12690-25

**Novant Knightdale: ED, Observation Beds, Ancillary and Support Services**

	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
	<b>CY30</b>	<b>CY31</b>	<b>CY32</b>
<b>Emergency Department</b>			
# of Treatment Rooms	10	10	10
# of Visits	3,379	6,625	10,511
<b>Observation Beds (unlicensed)</b>			
# of Beds	10	10	10
Days of Care	503	694	895
<b>Laboratory</b>			
Tests	25,302	35,172	45,566
<b>Physical Therapy</b>			
Treatments	551	766	993
<b>Speech Therapy</b>			
Treatments	167	233	301
Occupational Therapy	481	669	867
<b>Pharmacy Cases</b>			
Units	150,072	208,611	270,262
<b>CT Scanner</b>			
# of Units	1	1	1
# of Scans	6,019	8,366	10,839
<b>Fixed X-Ray (including fluoro)</b>			
# of Units	2	2	2
# of Procedures	3,093	4,300	5,570
<b>MRI Scanner</b>			
# of Units	Mobile	Mobile	Mobile
# of Procedures	1,234	1,715	2,222
# of Adjusted Procedures	1,467	2,039	2,642
<b>Nuclear Medicine</b>			
# of Units	1	1	1
# of Procedures	6	8	11
<b>Ultrasound</b>			
# of Units	2	2	2
# of Procedures	1,577	2,192	2,840
<b>Portable X-Ray</b>			
# of Units	2	2	2
# of Procedures	3,093	4,300	5,570
<b>Other Medical Equipment (Echo)</b>			
# of Units	1	1	1
# of Procedures	825	1,147	1,486

Source: Section Q, Form C.2b, page 134, and Form C.4b, page 136.

All Fiscal Years are calendar years.

In Section Q, *Assumptions and Methodology*, pages 137-159, the applicant provides the assumptions and methodology used to project utilization for the proposed acute care beds, C-section OR, procedure rooms, emergency department, medical equipment and other hospital services, which is summarized below.

**Acute Care Beds** (pages 138-148)

A. Acute Care Bed Utilization

Step #1: Review Historical Discharges for NH Knightdale Service Area (See pages 138-139).

Step 2: Project Service Area Discharges Within CAC MSDRGs (See pages 139-140).

Step 3: Project Share of CAC MSDRG Discharges at NH Knightdale (See pages 140-145).

Step 4: Project Days of Care for NH Knightdale Discharges (See pages 145-147)

ICU Bed Utilization (See pages 147-148).

B. Emergency Department Utilization (pages 148 – 151)

C. Observation Bed Utilization (page 152)

D. Surgical Utilization (pages 153-155)

E. Imaging and Ancillary Utilization (pages 155-159)

*Emergency Department, Observation Beds, Surgical Utilization, Imaging & Ancillary Utilization/Services*

In Section Q, *Forms C.1b, C.2b, C.3b and C.4b- Assumptions and Methodology*, pages 148-159, the applicant provides the methodology and assumptions for projecting utilization for the proposed Emergency Department, Observation Beds, Surgical Utilization, Imaging & Ancillary Utilization/Services at Novant Knightdale.

However, projected utilization for the acute care beds and all of the other proposed services [surgical, emergency room visits, imaging and other ancillary and support services] is not reasonable and adequately supported.

Projected utilization for the proposed acute care beds is not reasonable and adequately supported based on the following four stand-alone reasons:

*Acute Care Bed Utilization*

*Issue #1: Projected Labor & Delivery inpatient discharges are not reasonable.*

*Issue #2: Projected Med/Surg inpatient discharges are not reasonable.*

*Issue #3: Projected Average Length of Stay (ALOS) of IP discharges is not reasonable.*

*Issue #4: Projected IP discharges admitted via the Emergency Department are not reasonable.*

#### Labor & Delivery IP Discharges

*Issue #1: Projected Labor & Delivery inpatient discharges are not reasonable.*

The applicant divided projected discharges into two groups:

- #1) Labor & Delivery (also interchangeably referred to as Obstetric discharges); and
- #2) Medical/Surgical Discharges (excluding Labor & Delivery) [Med/Surg discharges].

The applicant further subdivided these two groups as originating from either Novant's self-identified primary or secondary service areas.

The table below summarizes how the applicant projected Labor & Delivery discharges for the first three project years.

#### **LABOR & DELIVERY IP DISCHARGES: Projected from Primary and Secondary Service Area**

Row		PY1 (CY2030)	PY2 (CY2031)	PY3 (CY2032)
A	<b>Primary Service Area (PSA)</b>			
B	"Pool" of Labor & Delivery Discharges (Table Q.4)	2,798	2,862	2,928
C	Projected Percentages of Market Share	8.0%	10.0%	12.0%
D	Projected Labor & Delivery Discharges [Row B x Row C]	<b>224</b>	<b>286</b>	<b>351</b>
E	<b>Secondary Service Area (SSA)</b>			
F	"Pool" of Labor & Delivery Discharges (Table Q.4)	2,363	2,438	2,516
G	Projected Percentages of Market Share	6.0%	8.0%	10.0%
H	Projected Labor & Delivery Discharges [Row F x Row G]	<b>142</b>	<b>195</b>	<b>252</b>
I	<b>Total Projected Labor &amp; Delivery Discharges (Row D + Row H)</b>	<b>366</b>	<b>481</b>	<b>603</b>

Source: Tables on pages 140 and 141.

The applicant projected an overall "pool" of Labor & Delivery discharges that Novant could provide service for during the first three project years for both the PSA and the SSA [Rows B and F]. This "pool" represents the projected total Labor & Delivery discharges that would originate from Novant Knightdale's self-identified primary and secondary service areas and fall within the range of services projected to be provided by Novant Knightdale during the first three project years. The applicant then projected the percentage of market share (Row's C & G) of the Labor & Delivery discharges from Row's B & F that would go to Novant Knightdale. The actual total number of Labor & Delivery discharges the applicant projects would go to Novant Knightdale is shown in Row I [Row D + Row H = Row I].

There are two distinct and separate problems with the projected Labor & Delivery Discharges:

#1) The “Pool” of Labor & Delivery discharges shown in Row B and Row F are not reasonable; and

#2) The projected percentages of market share for both the primary and secondary services areas [Row C and Row G] are not reasonable.

Problem #1: The “Pools” of Labor & Delivery discharges for both the primary and secondary service areas are not reasonable

To project Labor & Delivery discharges the applicant identified the Labor & Delivery discharges from its primary and secondary service area for the last full year (CY2024) and “grew” those discharges by the historic 2 year CAGR [CY2022-CY2024] through the third project year (CY2032).

Growing utilization by a historical CAGR is, in many situations, reasonable. However, in this situation the discharges are for Labor & Delivery. The key population demographic is women of childbearing age. The last historic year is CY2024. The third project year is eight years in the future, CY2032. In neither the application nor the accompanying exhibits did the applicant provide population demographic information for women of childbearing age from CY 2022 through CY2032 for either the primary or secondary service areas.

To support “growing” the Labor & Delivery discharges for eight years (CY2025-CY2032) by the respective CAGR’s of 2.3% for the PSA and 3.2% for the SSA the applicant stated, *“This assumption is reasonable because historical data demonstrate consistent growth in obstetric discharges.”* [see page 139].

This statement is incorrect. See Table Q.3 below.

**Table Q.3: CAC MSDRG Discharges: Labor & Delivery, CY2022-CY2024**

Rows		2022	2023	2024	CAGR
A	Primary Service Area	2,330	2,413	2,439	2.3%
B			3.56%	1.07%	
C	Secondary Service Area	1,839	1,924	1,958	3.2%
D			4.62%	1.77%	
E	Service Area Total	4,169	4,337	4,397	2.7%
F			4.03%	1.38%	

Source: HIDI Inpatient Database

See table on page 139.

As shown in Rows B, D and F in the table above the growth rate of the Labor & Delivery discharges actually decreased from CY2023 to CY2024 in both the primary and secondary service areas. The two year trend line shows Labor & Delivery discharges decreasing significantly across the entire service area: the primary service area decreased from 3.56% growth to 1.07% growth and the secondary service area decreased from 4.62% growth to 1.77% growth. The applicant provided no analysis or documentation to explain this decrease. Therefore, the “pools” of Labor & Delivery discharges shown in Rows B and F are not reasonable or adequately supported because they were based on starting with data from the last historical year and applying a constant growth rate of 2.3% for the primary service area and 3.2% for the secondary service area for the period CY2025 to CY2032. Since the applied growth rates are not reasonable the “pools” of Labor & Delivery discharges are not reasonable or adequately supported.

Further, even if the 2-year CAGR’s of 2.3% and 3.2% were reasonable and adequately supported (which they are not) Labor & Delivery discharges rely on the specific demographic cohort of women of childbearing age. The applicant did not provide any demographic data regarding women of childbearing age [ex. projected numbers and projected birth rates] either for the historic period of CY2022 to CY2024 or for the eight years from the last year of historical data to the third project year (CY2025-CY2032). For example, it is possible that the demographic data shows that the number of women of childbearing years is projected to decline from CY2025 through CY2032. Such a decline which would make growing the “pool” of Labor & Delivery discharges at the constant rates of 2.3% and 3.2% for the primary and secondary service areas respectively, unreasonable. Therefore, the projected “pools” of Labor & Delivery discharges set forth in Rows B and F are not reasonable or adequately supported for lack of demographic data regarding women of childbearing age, including projected numbers of that population cohort and birth rates, in the proposed service area.

Problem #2: The projected percentages of market share for both the primary and secondary services areas are not reasonable.

Novant Knightdale's projected percentages of market share of Labor & Delivery discharges are not reasonable.

The project analyst's general understanding is that women deliver babies at a hospital where their doctor has privileges (said differently, they are admitted via a doctor referral) and that most women do not get admitted to a hospital to deliver a baby through the emergency room.

Novant Health has no existing hospital either in Wake County or in any of the counties that are contiguous to Wake County.

Novant Health provided no documentation from any OB/GYN doctors (either from doctors within the applicant's network of doctors or other doctors) affirmatively stating that they would either utilize and/or refer patients to the proposed Novant Knightdale facility for Labor & Delivery services.

Novant Health provides no documentation or detailed analysis regarding how many (if any) Labor & Delivery discharges are projected to be admitted through the proposed emergency room.

On page 141 the applicant listed 4 reasons the projected percentages of market shares of Labor & Delivery discharges were reasonable:

- *Documented support from UWH of the Carolinas. See Exhibit I.2.*
- *Geographic convenience for eastern Wake County residents who currently face longer travel times to reach existing obstetric facilities.*
- *Population growth in both the PSA and SSA, which will expand the total number of deliveries in the service area.*
- *Strong network connectivity to Novant Health's existing primary care and family medicine services, enhancing patient retention.*

Regarding the UWH of the Carolinas letter: A copy of letter from UWH of the Carolinas, which is a network of OB/GYN practices and doctors, is provided in Exhibit I.2. This is simply a letter of support for the proposed project. The letter does not state that any of the OB/GYN physicians in the UWH of the Carolinas network will be utilizing and/or referring patients to the proposed Novant Knightdale facility for Labor & Delivery services. Further, the letter does not state that any of the physicians in the UWH of the Carolinas network are seeking to affiliate with the proposed Novant Knightdale facility.

Regarding geographic convenience/longer travel times to reach existing obstetric facilities: The applicant did not provide supporting documentation/analysis in its application and exhibits. Further, since the applicant references longer travel times the applicant would have had to include in such analysis the fact that UNC Health Nash and UNC Health Johnson both provide obstetric services and, while located outside of Wake County, would, because of their locations, need to be addressed in any evaluation of the generic point of “*longer travel times to reach existing obstetric facilities*”.

Regarding the point of population growth in both the PSA and SSA, which will expand the total number of deliveries in the service area: This point was already addressed above. The applicant only provided population data and analysis on pages 62-66 of the application. As stated above, the applicant provided no population data/analysis regarding the demographic cohort of women of child-bearing age. The only projected population data provided by age cohort is provided in the tables on page 65-66. The table at the bottom of page 65 is not specifically for Novant Knightdale’s primary and secondary services areas but for Wake County. In addition, the age cohorts in that particular table [<18; 18-64; 65+] do not identify projected population of women of childbearing age. The table on page 66 is specifically for the 65+ age cohort.

Regarding the statement: Strong network connectivity to Novant Health’s existing primary care and family medicine services, enhancing patient retention: In the application and exhibits the applicant only identifies four practices in Novant Health’s network in Wake County: #1) Novant Health Primary Cary Partners-Ligon Mill; #2) Novant Health Village Family Care; #3) Carolina Family Practice & Sports Medicine; and #4) Performance Orthopaedic Surgery & Sports Medicine.

None of the four practices are located in the primary service area. Novant Health Primary Care Partner-Ligon Mill and Novant Health Village Family Care are both located in Wake Forest in the secondary service area.

Collaboration with Duke Health University System (DUHS). While not referenced on page 141, in other parts of the application, Exhibit C.4, and in the response to comments the applicant refers to Novant Health’s collaborative partnership with Duke University Health System. The applicant provides no signed agreement between DUHS and Novant Health detailing what a “collaborative partnership” means. In Exhibit I.2, there is a letter from DUHS confirming that DUHS and Novant Health have formed a “collaborative partnership”. The letter does list some broad goals of this collaborative partnership. However, with respect to the proposed 26 bed acute care hospital, Novant Knightdale, and specifically regarding Labor & Delivery discharges, the DUHS letter dated August 12, 2025 provides no statements that DUHS overall or DUHS practices or doctors will provide referrals and/or utilize Novant Knightdale for acute care services in general, and specifically, there are no affirmative statements or commitments regarding Labor & Delivery discharges at Novant Knightdale that would support the projected percentage of market share utilized by the applicant to project Labor & Delivery discharges in each of the first three project years.

The applicant's projected percentages of market share [Rows C and G in the table above] of the "pool" of Labor and Delivery discharges from the primary and secondary service areas are not reasonably and adequately supported.

Conclusion re: projected Labor & Delivery (obstetric) discharges at Novant Knightdale:

Each of the problems outlined above, standing alone, would result in a determination that the projected Labor & Delivery discharges at Novant Knightdale are not reasonable or adequately supported.

As shown in the table below, Labor & Delivery discharges equate to 33.84% of the total discharges in project year 3 (CY2032) [603 Labor & Delivery discharges /1782 total discharges= 0.33838 or 33.84%].

**Total Projected Discharges (Labor & Delivery and Med/Surg)**

Row		PY1 (CY2030)	PY2 (CY2031)	PY3 (CY2032)
<b>A</b>	<b>Primary Service Area</b>			
B	Labor & Delivery Discharges	224	286	351
C	Med/Surg Discharges	469	640	820
<b>E</b>	<b>Secondary Service Area</b>			
F	Labor & Delivery Discharges	142	195	252
G	Med/Surg Discharges	168	261	359
H	Sub-Total: Labor & Delivery Discharges (PSA and SSA) [Row B + Row F]	<b>366</b>	<b>481</b>	<b>603</b>
I	Sub-Total: Med/Surg Discharges (PSA and SSA) [Row C + Row G]	<b>637</b>	<b>901</b>	<b>1,179</b>
<b>J</b>	<b>Total- All Discharges (Row H + Row I)</b>	<b>1,003</b>	<b>1,382</b>	<b>1,782</b>

Therefore, 33.84% of the total projected discharges are determined to not be reasonable or adequately supported.

Based on the above the projected number of Labor & Delivery discharges at Novant Knightdale for the first three project years is not reasonable or adequately supported.

*Issue #2: Projected Med/Surg inpatient discharges are not reasonable.*

The table below summarizes how the applicant calculated Med/Surg discharges for the first three project years.

**MED/SURG: Projected Discharges from Primary and Secondary Service Area**

Row		PY1 (CY2030)	PY2 (CY2031)	PY3 (CY2032)
A	<b>Primary Service Area (PSA)</b>			
B	Med/Surg Discharges	7,810	8,004	8,204
C	Projected percentage of Market Share to Novant Knightdale	6.0%	8.0%	10.0%
D	Projected Discharges	469	640	820
E	<b>Secondary Service Area (SSA)</b>			
F	Med/Surg Discharges	4,204	4,343	4,487
G	Projected Percentage of Market Share to Novant Knightdale	4.0%	6.0%	8.0%
H	Projected Discharges	168	261	359
I	<b>Total Projected Discharges (Row D + Row H)</b>	<b>637</b>	<b>901</b>	<b>1,179</b>

Source: Tables on pages 140 and 142.

The problem is that the projected percentage of market share to Novant Knightdale [Rows C and G] is not adequately supported and therefore is not reasonable.

To justify the projected percentage of market share [Rows C and G] the applicant, on page 142, cites:

- Population growth in the PSA and SSA.
- Geographic advantage of Novant Knightdale with respect to eastern Wake County residents.
- Gradual shifts in patient and physician referral behavior as the hospital establishes its reputation for quality care and operational reliability.
- Established primary care and specialty physician presence within Novant Health's Wake County network, including recent acquisitions such as Carolina Family Practice & Sports Medicine and Performance Orthopaedic Surgery & Sports Medicine, which creates an immediate, stable referral base and a strong foundation for capturing medical/surgical admissions from the first day of hospital operations.
- The strategic collaboration between DUHS and Novant Health, which will strengthen brand awareness and promote coordinated service development that supports sustainable medical/surgical share growth.

The facts are that Novant Knightdale is proposing to enter an acute care service area that is already served by three existing hospital systems with a total of six existing hospital campuses and two approved but undeveloped hospital campuses. The three existing hospital systems each have a long established history in Wake County.

The applicant refers to “*Established primary care and specialty physician presence within Novant Health’s Wake County network, including recent acquisitions such as Carolina Family Practice & Sports Medicine and Performance Orthopaedic Surgery & Sports Medicine, which creates an immediate, stable referral base and a strong foundation for capturing medical/surgical admissions from the first day of hospital operations.*” However, the totality of “*Novant Health’s Wake County network*” as identified in the application consists of just four practices in Wake County, only two of which are in the secondary service area. None of the four identified practices are in the primary service area. [See the application and exhibits which identify the four practices as #1) Novant Health Primary Cary Partners-Ligon Mill; #2) Novant Health Village Family Care; #3) Carolina Family Practice & Sports Medicine; and #4) Performance Orthopaedic Surgery & Sports Medicine.]

The “*strategic collaboration between DUHS and Novant Health*” is referenced throughout the application, Exhibit C.4, and in the response to comments submitted by Novant Health. The applicant provides no signed agreement between DUHS and Novant Health detailing what a “collaborative partnership” means. In Exhibit I.2, there is a letter from DUHS confirming that DUHS and Novant Health have formed a “collaborative partnership”. The letter does list some broad goals of this collaborative partnership. The letter also states that “*Novant’s proposed Knightdale hospital aligns with this shared mission.*” However, the letter makes no affirmative specific statements or commitments that DUHS will work with Novant Knightdale in any way to “*promote coordinated service development that supports sustainable medical/surgical share growth.*” Respectfully, the letter makes no statement that DUHS would provide doctor referrals to support the projected percentages of market share for Med/Surg discharges.

The facts are that as to referral sources within Novant Health’s Wake County network, the applicant has identified no physicians within its primary service area, just two small practices (one office each) in its secondary service area and just two other physician practices outside of its primary and secondary service areas but within Wake County. No documentation was provided as to the extent the physician practices within Wake County, but outside the primary and secondary service areas, work with patients from the primary and secondary service areas.

The applicant further references Novant Health Ballantyne Medical Center (Novant Ballantyne) for comparison of early market penetration by a new community hospital. Given that Novant Ballantyne is located in Mecklenburg County where Novant Health has a strong, established hospital presence compared to Novant Knightdale is proposing to enter a the Wake County market where not only does Novant Health not have a hospital presence but Wake County already has three long-established hospital systems, the project analyst does not find it reasonable to apply the information provided regarding Novant Ballantyne as support for the projected Med/Surg discharges for Novant Knightdale.

The applicant provided a letter of support from a urology practice that did make a clear, affirmative statement regarding their intention to utilize Novant Knightdale.

*Issue #3: Projected Average Length of Stay (ALOS) of IP discharges is not reasonable.*

*Average Length of Stay*

The project analyst does not find the projected ALOS to be reasonable. (See pages 145-147)

The ALOS set forth in the table below are from the HIDI Inpatient Database. The applicant also stated that this approach is consistent with “*the methodology utilized in Novant Health’s recently approved acute care bed application in Cabarrus County (Project ID F-12588-25).*”

	Labor & Delivery		Med/Surg	
	PSA	SSA	PSA	SSA
2024 Discharges	2,439	1,958	6,739	3,457
2024 Days of Care	6,099	4,666	32,852	15,562
ALOS*	2.5	2.4	4.9	4.5

Source: Table on page 146 of the application

\*Applicant derived the ALOS from the HIDI Inpatient Database.

To project patient days, the applicant then multiplied the previously projected Labor & Delivery discharges and the Med/Surg discharges by the appropriate ALOS identified in the table above. The projected patient days are set forth in the table below.

**Table Q.18 Total Projected Days of Care to Be Served at NH Knightdale**

	CY2030	CY2031	CY2032
Primary Service Area	2,844	3,837	4,878
Secondary Service Area	1,095	1,638	2,216
<b>Total</b>	<b>3,939</b>	<b>5,475</b>	<b>7,094</b>

Source: Table Q.16 + Table Q.17, page 146.

To calculate ALOS the applicant divided days of care by projected discharges as shown in the table below.

**Table Q.19 NH Knightdale Projected Utilization**

	2030	2031	2032
Acute Care Discharges	1,002	1,382	1,782
Days of Care	3,939	5,475	7,094
ALOS	3.9	4.0	4.0

Source: Table on page 147.

The applicant, on page 147, projects the ALOS to be 3.9, 4.0 and 4.0, respectively, for the first three project years: CY2030, CY2031 and CY2032. Thus, the projected ALOS for the three project years is based on a “blend of the ALOS for the projected Labor & Delivery discharges and for the projected Med/Surg discharges as show in the table below:

On page 145, in support of its methodology and assumptions, the applicant references a recent project from Cabarrus County. Wake County is distinguishable from Cabarrus County in that Cabarrus County does not have any existing smaller community hospitals. The service area for this review, Wake County, has two existing smaller community hospitals: UNC Rex Holly Springs (50 AC beds) and WakeMed North Hospital (71 AC beds). In addition, Wake County has two approved but undeveloped smaller community hospitals: Duke Cary Hospital (40 AC beds) and WakeMed Garner (31 AC beds). WakeMed Garner is the most recent approved hospital campus, is the closest in proximity to the proposed Novant Knightdale (26 AC beds) hospital, and, as approved, does not offer Labor & Delivery services. WakeMed Garner projected an ALOS for IP discharges of 3.0. UNC Rex Holly Springs and WakeMed North both offer Labor & Delivery services. Duke Cary Hospital was approved for Labor & Delivery services.

The applicant did not provide any documentation or analysis as to the most recent historical ALOS for UNC Rex Holly Springs or WakeMed North. The applicant did not provide any analysis or documentation as to why the most recent historical ALOS for UNC Rex Holly Springs or WakeMed North was either not relevant in evaluating the reasonableness of the projected ALOS for Novant Knightdale or was distinguishable from the Novant Knightdale proposed project. The applicant also did not address the projected ALOS in the recently approved WakeMed Garner project which was the closest in proximity to Novant Knightdale, in the same service area and had a projected ALOS of 3.0 without any projected Labor & Delivery discharges which generally have a lower ALOS than Med/Surg discharges based on the information provided by the applicant in the table above and also found on page 146 of the application. These are all legitimate and reasonable points of comparison from the same service area which were not addressed in the application or exhibits.

Based on the above, the project analyst does not find the projected ALOS for the first three project years, set forth in Table Q.19 on page 147 of the application, to be adequately supported and thus the projected ALOS are not reasonable.

*Issue #4: Projected IP discharges admitted via the Emergency Department are not reasonable.*

#### Emergency Room

In its Assumptions & Methodology the applicant does not utilize projected visits to the Emergency Room, rather the applicant utilizes projected IP discharges as the key to projecting Emergency Room visits (both IP and OP) [See pages 148-151].

However, to the extent that the applicant relies on emergency department visits to support projected IP discharges the project analyst does not find this to be reasonable. In calculating emergency room visits the applicant states that “*approximately 77.3% of the Novant Knightdale service area discharges were admitted via the emergency department*” (see page 149). The applicant then used the 77.3% combined with the total projected IP discharges (both Labor & Delivery and Med/Surg) to project total emergency room visits. In contrast to the rest of the methodology, the applicant did not provide a separate breakdown or division as Labor & Delivery discharges and Med/Surg discharges with respect to IP discharges being admitted through the emergency department. Therefore, that results in 77.3% of the Labor & Delivery discharges being projected to come in through the emergency room. Given the way women who are pregnant work with their doctors throughout the pregnancy the project analyst does not find it reasonable that 77.3% of the Labor & Delivery discharges came in through the emergency room. There was no documentation and information provided in the application and exhibits to support the position that 77.3% of the Labor & Delivery discharges come in through the emergency room.

Therefore, based on the above, the number of IP discharges projected to be admitted via the emergency department is not adequately supported or reasonable.

Individually, and standing alone, any of these four issues discussed above [*Issue #1: Projected Labor & Delivery inpatient discharges are not reasonable; Issue #2: Projected Med/Surg inpatient discharges are not reasonable; Issue #3: Projected Average Length of Stay (ALOS) of IP discharges is not reasonable; and Issue #4: Projected IP discharges admitted via the Emergency Department are not reasonable*] render projected acute care bed utilization at Novant Knightdale as not reasonable or adequately supported.

*Projected Utilization: Surgical Cases, Emergency Room Visits, Imaging, and other Ancillary and Support Services:*

In Section C.3, page 45, the applicant states “*Projected utilization for surgical cases, ED visits, imaging, and other ancillary and support services is based on projected inpatient discharges. Therefore, the projected patient origin for surgical cases, ED visits, imaging and other ancillary and support services is reasonably assumed to be consistent with projected patient origin for acute care beds.*”

As discussed above, projected IP discharges are not reasonable or adequately supported. Therefore, since projected utilization of the surgical cases, emergency room visits, imaging, and other ancillary and support services are all based on projected inpatient discharges and the inpatient discharges are not reasonable or adequately supported, the projected utilization of the surgical cases, emergency room visits, imaging, and other ancillary and support services is not reasonable or adequately supported.

**Access to Medically Underserved Groups**

In Section C.6, page 73, page, the applicant states,

*“Uninsured patients with an annual family income less than or equal to 300 percent of the Federal Poverty Level will not get a bill. For example, under the NH charity care policy, a qualified family of four with income at or below \$96,450... or less is eligible for a full write-off of all charges incurred at a Novant Health facility.”*

On pages 73-74 the applicant describes how Novant Health provides access to low income, medically indigent, uninsured or underinsured patients; does not deny benefits to any person on the grounds of race, color, national origin, gender, age, disability or payor status.

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	N/A
Racial and ethnic minorities	56.7%
Women	61.1%
Persons with Disabilities*	N/A
Persons 65 and older	32.0%
Medicare beneficiaries	32.0%
Medicaid recipients	20.9%

Source: Table on page 74 of the application.

\* The numbers above were calculated using HID data, as that is the underlying source for the volume of inpatients projected at NH Knightdale and provides demographic data for both inpatients and outpatients in the proposed service area. HID data does not include data on disability status or income level.

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

## **Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

**Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate projected patient origin for acute care bed services at Duke Cary. Duke Cary is an approved but undeveloped hospital.

Acute Care Beds	Duke Cary Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2031 to 06/30/2032		07/01/2032 to 06/30/2033		07/01/2033 to 06/30/2034	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake	6,925	70.5%	7,177	70.6%	7,429	70.6%
Durham	1,724	17.5%	1,764	17.4%	1,821	17.3%
Chatham	458	4.7%	481	4.7%	504	4.8%
Lee	450	4.6%	464	4.6%	479	4.6%
Harnett	153	1.6%	159	1.6%	165	1.6%
Other^	117	1.2%	117	1.2%	120	1.1%
<b>Total</b>	<b>9,827</b>	<b>100.0%</b>	<b>10,162</b>	<b>100.0%</b>	<b>10,517</b>	<b>100.0%</b>

Source: Table on page 38 of the application.

^includes Orange, Johnston and other more distant counties.

In Section Q, pages 123-167, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 41-65, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need determination for 267 additional acute care beds in Wake County identified in the 2025 SMFP (pages 41-42).
- Overall population growth in Wake County (pages 44-45).

- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 46-49).
- High and increasing utilization of DUHS services by Wake County residents (pages 50-51).
- High and increasing utilization of DRAH inpatient beds (pages 51-53).
- Increasing ED utilization of DRAH and increasing diversion periods (pages 53-54).
- Transfer requests that DRAH is unable to accept (page 54).
- Enhanced Access to DUHS Acute Care Services and Increased Patient Choice (pages 54-55).
- Growth in DUHS Wake County Providers and Network (page 55).
- Need for 120 Acute Care Beds at Duke Cary (pages 55).

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

- There is a need determination for 267 acute care beds in the Wake County acute care service area in the 2025 SMFP. The applicant is applying to develop 120 acute care beds in Wake County in accordance with the acute care bed need determination in the 2025 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographic data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.

Projected Utilization

In Section Q, Form C.1b, the applicant provides Duke Cary Hospital’s projected utilization in the first three full project years for its acute care beds as shown in the following table:

**Duke Cary Projected Acute Care Bed Utilization**

	<b>PY1 FY2032</b>	<b>PY2 FY2033</b>	<b>PY3 FY2034</b>
Total # of Beds	160	160	160
# of Discharges	9,827	10,102	10,517
# of Patient Days	41,872	43,393	45,003
ALOS	4.3	4.3	4.3
Occupancy Rate	71.7%	74.3%	77.1%

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

Source: Form C.1b.

In Section Q, Forms C.1a and C.1b, and Introduction to Utilization Assumptions, pages 132-167, the applicant provides the methodology and assumptions for projecting utilization, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- Duke Cary is an approved but undeveloped hospital. Duke Cary was originally approved as a separately licensed acute care hospital, known as Duke Green Level Hospital, by relocating 40 AC beds and 2 ORs from Duke Raleigh [See Project ID#J-12029-21]. Duke Green Level Hospital was subsequently renamed Duke Cary Hospital and, when developed, Duke Cary will operate under the hospital license of Duke Raleigh.
- This project is a change of scope (to Project ID#J-12029-21 transfer 40 AC beds from Duke Raleigh) to develop an additional 120 acute care beds for a new total of 160 acute care beds.
- Duke Cary's first three full project years after project completion are: FFY2032, FFY2033 and FFY2034.
- The applicant plans to develop Duke Cary in three phases:
  1. Phase I – The emergency department will open in FY 2029 along with 4 inpatient beds and 2 ORs approved to shift from DRAH to DCH to serve any low acuity emergency admissions as needed.
  2. Phase II – The full scope inpatient facility will open July 1, 2029, with 111 general acute care beds (including relocating the 4 beds relocated from their interim location supporting the ED) and 8 Level II NICU Beds.
  3. Phase III – The remaining 49 acute care beds for a total of 160 general acute care beds (168 licensed beds which include the 8 proposed Level II NICU beds) in July 2031. 40 observation beds will also come online. As of the first full project year (FFY2032) Duke Cary will have 160 licensed AC beds (not including 8 NICU beds) [40 + 120 = 160]
- To project utilization, the applicant started with the most recent year with historical data for Duke Raleigh from FY2025 (annualized based on 10 months of data) and then grew projected discharges at a growth rate of 4.5% based on the historical CAGR for discharges from FY2019-FY2025.
- The applicant projected shifts of discharges from Duke Raleigh to Duke Cary starting in FY2030 through Duke Cary's third project year of FY2032 (See table on page 135 of the application).
- The applicant then projected patient days of care [discharges x ALOS] (See table on page 136).
- The applicant utilized an ALOS of 4.6 and held it constant throughout the interim and project years.
- Projected discharges for Duke Cary come from four categories: #1) discharges based on shifts of DUHS discharges from other DUHS hospitals (Duke Raleigh, Duke University and Duke Regional); #2) Admits from the incremental Emergency Department (ED) Visits; #3) In-migration, #4) and Obstetrics Discharges.
- The applicant identified the Duke Cary catchment area into four Zones (1,2,3-North and 3-South) depending on drive time from Duke Cary.

- The applicant identified existing DUHS discharges from each of the three zones that would be appropriate to shift to Duke Cary for Duke Raleigh, Duke University Hospital and Duke Regional.
- The applicant then projected forward by Zone utilizing a CAGR based on population growth.
- The applicant then projected a percent of the appropriate discharges to shift with a ramp up over the first three project years. The percentages differ on which existing hospital the discharges are projected to shift from.
- The applicant provided an update on ICU projections. (See pages 147-148).
- The applicant provides the assumptions and methodology for discharges from ED visits, (See pages 145-148).
- The original application included plans to develop a freestanding birth center (FBC) on the Duke Cary campus. In this application, the applicant now plans a full-service inpatient OB program including eight Level II NICU beds (See pages 148-158).

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County acute care bed service area.
- In the 2025 SMFP, Table 5A, page 45, in Wake County the Duke University Health System shows a projected acute care bed deficit of 48 acute care beds in 2027. The first project year of this proposed project is FY2032.
- The applicants' projections of discharges that will shift from existing DUHS hospitals are supported by the historical utilization of those facilities by patients from the proposed catchment area of Duke Cary.
- The applicant projected discharges starting with the most recent year of historical data from FY2025 and then grew projected discharges at a growth rate of 4.5% based on the CAGR for discharges from FY2019-FY2025 which is reasonable, and conservative based on the historical analysis of days of care at DRAH for various periods of time both including and not including years impacted by the COVID-19 pandemic. The CAGR of 4.5% is the lowest CAGR for historical growth of discharges for the various time periods analyzed by the applicant as presented in full on page 135 of the application. The applicant relies on its historical utilization in projecting future utilization.
- The applicant projects shift of patients from Duke Raleigh to Duke Cary with both a "ramp up" and conservative shift percentages. The applicant relied on an ALOS of 4.6 to project shift of patient days to Duke Cary when, based on internal DUHS data the actual ALOS for appropriate discharges to shift to Duke Cary was 4.8 based on the average ALOS from FY2023 to FY2025. (See pages 135 and 146).
- The applicant cites NCOSBM data showing that the population of Wake County is projected to grow at a 1.9% CAGR from 2025 through 2029 or by 119,603 residents.

The 65+ age cohort is projected to increase at a CAGR of 4.5% from 2025-2030 or 42,829 residents. (See tables on page 44).

- Based on internal DUHS data the applicant cites that Wake County residents seeking acute care bed services at Duke University Hospital and Duke Regional Hospital (both located in Durham County) have been increasing.
- Based on internal DUHS data Duke Raleigh has had to decline 93 patient transfer requests to Duke Raleigh due to capacity constraints. (See page 54). Duke Primary Care visits by Wake County residents have grown at a CAGR of 6.7% from FY2020 to FY2025.
- In projecting utilization the applicant included “shifts” from other DUHS facilities, discharges from incremental emergency room visits, in-migration and projected OB discharges (see pages 147 and 154).
- The applicant conservatively only projects 12.9% of total project OB market share in each of the first three project years (FY2032-FY2034) with a “ramp up” starting in 2030. (See page 153).
- The applicant utilizes conservative projections of the percent of visits to the Emergency Department that will result in an admission to Duke Cary in addition to using a ramp-up process from project year one to project year three.
- The applicant includes in-migration of 10% for patient who originate from outside the catchment area which is reasonable.
- The applicant used Claritas Spotlight data for population data for the catchment zones.

### **Access to Medically Underserved Groups**

In Section C.6, page 71, the applicant states,

*“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to DRAH, as clinically appropriate. DUHS does not and will not discriminate based on race, ethnicity, age, gender, or disability. Policies to provide access to services by low income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibits C.6 and L.4. Please see Section L for additional details regarding access to services for medically underserved groups.”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	16.1%
Racial and ethnic minorities	37.4%
Women	62.4%
Persons with Disabilities*	*
Persons 65 and older	44.4%
Medicare beneficiaries	36.8%
Medicaid recipients	14.6%

Source: Table on page 72 of the application.

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

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

**Conclusion**

The Agency reviewed the:

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

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

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

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

**Patient Origin**

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as

its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services at Duke Raleigh.

#### Duke Raleigh: Acute Care Beds

County	Historical (7/1/2024 to 6/30/2025)		Third Full FY of Operation following Project Completion (7/1/2031 to 6/30/2032)	
	Patients	% of Total	Patients	% of Total
Wake	7,592	62.9%	9,707	62.9%
Franklin	615	5.1%	786	5.1%
Johnston	441	3.7%	564	3.6%
Durham	341	2.8%	436	2.8%
Vance	218	1.8%	279	1.8%
Nash	216	1.8%	276	1.8%
Cumberland	213	1.8%	272	1.8%
Harnett	200	1.7%	256	1.7%
Granville	172	1.4%	220	1.4%
Wayne	134	1.1%	171	1.1%
Wilson	130	1.1%	166	1.1%
Pitt	128	1.1%	164	1.1%
Carteret	92	0.8%	118	0.8%
Person	89	0.7%	114	0.7%
Sampson	84	0.7%	107	0.7%
Brunswick	83	0.7%	106	0.7%
Halifax	82	0.7%	105	0.7%
Lee	75	0.6%	96	0.6%
New Hanover	71	0.6%	91	0.6%
Other NC Counties	699	5.8%	894	5.8%
Virginia	180	1.5%	230	1.5%
Other States	136	1.1%	174	1.1%
South Carolina	87	0.7%	111	0.7%
<b>Total</b>	<b>12,078</b>	<b>100.0%</b>	<b>15,443</b>	<b>100.0%</b>

Source: Tables on pages 38 and 40 of the application.

In Section C, page 40, and in Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported as they are based on historic patient origin with total volumes grown annually by 2.0%.

#### Analysis of Need

In Section C, pages 43-69, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need determination for 267 additional acute care beds in Wake County identified in the 2025 SMFP (pages 43-44).
- Overall population growth in Wake County (pages 46-47).
- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 48-51).
- High and increasing utilization of DUHS services by Wake County residents (pages 52-53).
- High and increasing utilization of DRAH inpatient beds (pages 53-55).
- Increasing ED utilization of DRAH and increasing diversion periods (pages 55-56).
- Transfer requests that DRAH is unable to accept (page 56).
- Enhanced Access to DUHS Acute Care Services and Increased Patient Choice (page 57).
- Growth in Wake County Providers and Network (pages 57-58).
- Need to add 120 Acute Care Beds at Duke Cary (proposed in separate application (pages 58-66)).
- Need for 101 Acute Care Beds at Duke Raleigh Hospital (pages 66-68).

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

- There is a need determination for 267 acute care beds in the Wake County acute care service area in the 2025 SMFP. The applicant is applying to develop 101 acute care beds in Wake County in accordance with the acute care bed need determination in the 2025 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.

### Projected Utilization

In Section Q, Forms C.1a-C.1b, the applicant provides projected utilization acute care beds at Duke Raleigh for the first three project years as shown in the following table:

**Duke Raleigh- Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FFY 2030</b>	<b>2<sup>nd</sup> FFY 2031</b>	<b>3<sup>rd</sup> FFY 2032</b>
Total # of Beds	265	265	265
# of Discharges	14,528	14,983	15,443
# of Patient Days	76,822	79,373	81,967
Average Length of Stay	5.3	5.3	5.3
Occupancy Rate	79.4%	82.1%	84.7%

Source: Forms C.1b and C.1b.

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

In Section Q, Utilization- Assumptions and Methodology, pages 121-154, and Forms C.1a and C.1b, and the applicant provides the methodology and assumptions for projecting acute care bed utilization, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- The three project years are FFY2030, FFY2031 and FFY2032.
- As of the date this review commenced, September 1, 2025, Duke Raleigh had 204 existing and licensed AC beds.
- The applicant, DUHS, was approved to develop a separately licensed acute care hospital, Duke Green Level Hospital, by relocating 40 AC beds and 2 ORs from Duke Raleigh [See Project ID#J-12029-21]. However, Duke Green Level Hospital has been renamed Duke Cary Hospital and, when developed, Duke Cary Hospital (Duke Cary) will operate under the hospital license of Duke Raleigh.
- Four of the 40 AC beds will “shift” to Duke Cary during FY2029 leaving Duke Raleigh with 200 AC beds.
- The remaining 36 AC beds will “shift” to Duke Cary on July 1, 2029, the first day of FFY2030, leaving Duke Raleigh with 164 AC beds.
- The proposed project is to add 101 AC beds at Duke Raleigh as of FFY2030, for a total of 265 AC beds [164 + 101 = 265].
- The applicant started with the most recent year with historical data from FY2025 (annualized based on 10 months of data) and then grew projected discharges at a growth rate of 4.5% based on the historical CAGR for discharges from FY2019-FY2025.
- The applicant accounted for projected shifts of discharges from Duke Raleigh to Duke Cary in FY2030, FY2031 and FY2032.
- The applicant utilized an ALOS of 4.6 and held it constant throughout the interim and project years.
- The applicant projected patient days of care [discharges x ALOS].

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County acute care bed service area.
- In the 2025 SMFP, Table 5A, page 45, in Wake County the Duke University Health System shows a projected acute care bed deficit of 48 acute care beds in 2027. The first project year of this proposed project is FY2030.
- The applicant projected discharges starting with the most recent year of historical data from FY2025 and then grew projected discharges at a growth rate of 4.5% based on the CAGR for discharges from FY2019-FY2025 which is reasonable, and conservative based on the historical analysis of days of care at DRAH for various periods of time both including and not including years impacted by the COVID-19 pandemic. The CAGR of 4.5% is the lowest CAGR for historical growth of discharges for the various time periods analyzed by the applicant as presented in full on page 128 of the application. The applicant relies on its historical utilization in projecting future utilization.
- The applicant accounted for projected “shifts” of discharges to Duke Cary starting in FY2030.
- Projected patient days are based on the projected discharges and the ALOS which was conservatively held constant at 5.2 (See application pages 127-128).
- The applicant provides data from the North Carolina Office of State Budget & Management (NCOSBM) that the population of Wake County is projected to grow at a CAGR of 1.9% from 2024 thru 2029 which represents an increase of 125,304 additional residents. Furthermore, the age 65+ population cohort in Wake County is projected to grow at a CAGR of 4.5% from 2025 to 2030. The 65+ age cohort is projected to represent 16.0% of the projected Wake County population in the year 2030.
- The applicant states that based on internal data Duke Raleigh in 2025 Duke Raleigh had to decline 93 patient transfer requests due to capacity constraints.
- Based on internal DUHS data Duke Raleigh has had to decline 93 patient transfer requests to Duke Raleigh due to capacity constraints. (See page 56). Duke Primary Care visits by Wake County residents have grown at a CAGR of 6.7% from FY2020 to FY2025. (See page 52).
- Based on both internal Duke Raleigh data and LRA data from 2022-2025, the emergency department visits at Duke Raleigh grew at a CAGR of 6.8% and emergency department admits have increased at a CAGR of 12.6%. (See page 55).
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.

### **Access to Medically Underserved Groups**

In Section C.6, page 74, the applicant states,

*“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to DRAH, as clinically*

*appropriate. DUHS does not and will not discriminate based on race, ethnicity, age, gender, or disability. Policies to provide access to services by low income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibits C.6 and L.4. Please see Section L for additional details regarding access to services for medically underserved groups.”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	10.0%
Racial and ethnic minorities	37.4%
Women	62.4%
Persons with Disabilities*	*
Persons 65 and older	45.2%
Medicare beneficiaries	45.2%
Medicaid recipients	8.5%

Source: Table on page 75 of the application.

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

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

### **Conclusion**

The Agency reviewed the:

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

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

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

### The Rest of the Applications

C

### UNC Rex Wake Forest

**The Rest of the Applications-** None of the applications propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

The application proposes to relocate one shared OR from the UNC Rex Raleigh hospital campus to the proposed UNC Rex Wake Forest hospital campus.

In Section D, pages 106-107, the applicant explains why it believes the needs of the population presently utilizing the OR services to be relocated will be adequately met following completion of the project. On pages 106-107, the applicant states:

*“As shown above and as noted in the 2025 SMFP, UNC Health Rex Hospital currently has 27 total shared ORs in addition to five inpatient ORs. It also has seven procedure rooms, according to its 2025 HLRA. UNC Health Rex believes that, at this time, UNC Health Rex Hospital will be able to continue to treat its patients requiring surgical services in a shared OR setting through the remaining ORs and procedure rooms at that facility.*

*As also shown in Form C Assumptions and Methodology, UNC Health Rex assumes that a significant amount of the OR utilization at UNC Health Rex Wake Forest Hospital will be existing OR cases at UNC Health Rex Hospital that are acuity-appropriate to treat at the new hospital, and are also OR cases for patients originating from ZIP codes proximal to UNC Health Rex Wake Forest Hospital’s proposed location. ... In other words, UNC Health Rex is both relocating an existing OR and “relocating” appropriate OR volume along with that asset, ensuring that patients at both UNC Health Rex Hospital and UNC Health Rex Wake Forest Hospital receive timely and accessible care. .... UNC Health*

*Rex does not anticipate that the relocation of one OR to the proposed Wake Forest hospital will have a noticeable impact on surgical scheduling and will not result in delays. Moreover, upon relocation of the OR, UNC Health Rex will have the ability to utilize this space as a procedure room for surgical cases, which will minimize the impact of the relocation of this one OR. As such, the relocation and subsequent development of only one OR at that campus is reasonable.”*

As shown in the table on page 107, the OR deficit for UNC Rex Raleigh-Main Campus is 2.64 in FFY2025 and nine years later in FFY2034 (third project year) the projected OR deficit is 3.74, an increase of only 1.1. This does not factor in the two ORs that UNC Rex Raleigh-Main Campus was awarded pursuant to the OR need determination in the 2024 SMFP as part of the 2024 Wake AC Bed and OR Review because that decision is currently under appeal.

In Section D, page 107, the applicant provides projected utilization, as illustrated in the following table.

**UNC Rex Raleigh- Main Campus: Projected OR Utilization**

<b>Operating Rooms</b>	<b>Year 1 FFY2032</b>	<b>Year 2 FFY2033</b>	<b>Year 3 FFY2034</b>
Inpatient Surgical Cases	5,964	5,667	5,366
Inpatient Surgical Hours 218.3 minutes	21,699	20,619	19,524
Outpatient Surgical Cases	16,970	17,470	17,993
Outpatient Surgical Hours 128.3 minutes	36,287	37,356	38,475
Total Surgical Hours (Row C + Row F)	57,986	57,976	57,998
Standard Hours per OR per Year	1,950	1,950	1,950
Number of ORs Needed*	29.7	29.7	29.7
Approved OR capacity**	26.0	26.0	26.0
OR Surplus/ (Deficit) at UNC Rex Raleigh-Main Campus	3.7	3.7	3.7

Source: Table on page 107.

Note: Totals might not foot due to rounding.

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2025 SMFP.

\*\*Number of ORs UNC Rex Raleigh-Main Campus is currently approved for, not including ORs which are excluded from the planning inventory (C-Section ORs and Trauma/Burn OR) less the one OR proposed to be relocated to UNC Rex Wake Forest.

In Section Q, pages 177-184, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant calculated the historic CAGR for both IP and OP case and then projected growth from FFY2025-FFY2034 based on that historic CAGR.

- The applicant accounted for the shift of acuity appropriate cases to UNC Rex Wake Forest.
- The applicant used the correct minutes for both IP and OP surgical cases based on the case times from Table 6B in the 2025 SMFP.
- The applicant used the correct standard hours per OR per year (1,950) in its calculations.

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

- The applicant states that a significant amount of the OR utilization at UNC Rex Wake Forest are existing OR cases at UNC Rex Raleigh-Main Campus that will be shifted to UNC Rex Wake Forest.
- The applicant calculated the historic CAGR for both IP and OP case and then projected growth from FFY2025-FFY2034 based on that historic CAGR.
- The applicant used the correct minutes for both IP and OP surgical cases based on the case times from Table 6B in the 2025 SMFP.
- The applicant used the correct standard hours per OR per year (1,950) in its calculations.

### **Access to Medically Underserved Groups**

In Section D, page 108, the applicant states,

*“The ability of UNC Health Rex to provide care to underserved persons will not be affected by the relocation of one shared OR from UNC Health Rex Hospital to UNC Health Rex Wake Forest Hospital. Please see the response to Section C.6, above.”*

In Section C.6, page 73, the applicant states,

*“UNC Health Rex prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC 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.’”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	na
Racial and ethnic minorities	33.5%
Women	62.6%
Persons with Disabilities*	na
Persons 65 and older	44.7%
Medicare beneficiaries	56.7%
Medicaid recipients	7.4%

Source: Table on page 73 of the application.

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

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

**Conclusion**

The Agency reviewed the:

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

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

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

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

**C**

**The Rest of the Applications**

**NC**

**Novant Knightdale**

### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

In Section E.2, pages 91-96, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Depend on temporary increases in bed capacity
- Request a different number of beds
- Locate acute care beds at a new hospital
- Build the E-Wing expansion under an exemption and designate all beds as observation beds

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

- *Maintaining the status quo*: This was determined by the applicant to not be the most effective alternative as it would not help address capacity constraints for acute care beds at WakeMed Raleigh.
- *Depend on temporary increases in bed capacity*: This was determined not to be an effective long-term solution as the shortage of AC beds at WakeMed Raleigh is not a temporary issue.
- *Request a different number of beds for WakeMed Raleigh*: The applicant determined it would not be the most effective alternative to concentrate all the proposed new acute care beds at WakeMed Raleigh as compared with distributing the AC beds around Wake County closer to expanding population centers. The applicant filed three concurrent and complimentary applications to develop AC beds at WakeMed Raleigh, WakeMed North and WakeMed Garner. Based on a study of patient acuity the applicant determined that 76 percent of patients seeking care at WakeMed Raleigh could receive care at either WakeMed North or WakeMed Garner at facilities closer to where they reside and free up WakeMed Raleigh to provide care needing complex tertiary resources and provide care to residents in the WakeMed Raleigh community.
- *Locate AC beds in a new hospital*-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that a couple of approved new hospitals in Wake County are not yet opened, the applicant determined that this alternative was neither the least costly nor the most effective alternative.

- *Build the E-Wing expansion under an exemption and designate all beds as observation beds:* The applicant determined that this was not the most effective or least costly alternative as construction costs would be expensive and observation stays have low reimbursement rates.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section E.2, pages 82-88, 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
- Delay proposed project until another SMFP Need allocation
- Propose a different number of AC beds
- Add Acute Care Beds at different WakeMed locations
- Temporary licensure of AC beds

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

- *Maintaining the status quo:* The applicant determined that this is not the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed North.
- *Delay proposed project until another SMFP Need allocation:* The applicant determined that this is not the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed North.

- *Propose a different number of AC beds:* The applicant determined this was not the most cost-effective alternative due to space considerations.
- *Add AC Beds at different WakeMed System locations:* The applicant determined that this is a less effective alternative as the applicant has filed two concurrent and complimentary applications to add AC beds at WakeMed Raleigh (164 AC Beds) and WakeMed Garner (78 AC beds). The applicant determined that from a capital cost perspective adding the proposed AC beds for WakeMed North at other WakeMed system locations would be both a more costly and less effective alternative.
- *Temporary licensure of AC beds* was determined not to be an effective long-term solution due to the temporary nature of this solution.
- This was determined not to be an effective long-term solution as the shortage of AC beds at WakeMed Raleigh is not a temporary issue.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

In Section E.2, pages 84-85, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Add AC Beds at other WakeMed locations
- Propose fewer AC beds at WakeMed Garner
- Offer fewer services at WakeMed Garner

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

- Maintaining the status quo is a less effective alternative as it does not address growing projected patient need for acute care bed capacity at WakeMed Garner.
- Add AC beds at other WakeMed locations: The applicant determined that this is a less effective alternative as the applicant has filed two concurrent and complimentary applications to add AC beds at WakeMed Raleigh (164 AC Beds) and WakeMed Garner (78 AC beds).
- Proposing fewer AC beds at WakeMed Garner was determined to be a less effective alternative as a smaller facility would not be positioned to meet projected patient demand given the growth in population and industry in the WakeMed Garner catchment area.
- Offering fewer services at WakeMed Garner was determined by the applicant to be a less effective alternative as WakeMed Garner would not be able to absorb overflow from WakeMed Raleigh, help reduce Red Diversions and not reduce stress on local residents regarding access due to travel time/traffic concerns.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

In Section E.2, pages 87-88, 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:

- Develop a Different Number of AC Beds at UNC Rex Raleigh
- Develop all of the Proposed AC Beds at One Location- Either UNC Rex Raleigh or the Proposed UNC Rex Wake Forest Facility
- Develop All or Some of the Proposed AC Beds at UNC Rex Holly Springs

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

- *Develop a Different Number of AC Beds at UNC Rex Raleigh:* The applicant determined that developing more or fewer AC beds at UNC Rex Raleigh is a less effective alternative as developing fewer AC beds would not meet patient demand and developing more AC beds than applied for would be more costly due to space constraints.
- *Develop all of the Proposed AC Beds at One Location- Either UNC Rex Raleigh or the Proposed UNC Rex Wake Forest Facility:* The applicant determined that this would be a less effective alternative as patient demand establishes the need for AC beds at both UNC Rex Raleigh and the proposed UNC Rex Wake Forest hospital (proposed in a concurrent and complimentary filed application).
- *Develop All or Some of the Proposed AC Beds at UNC Rex Holly Springs:* The applicant determined that this was a less effective alternative based on historical and projected utilization at UNC Rex Holly Springs and thus it is more effective to develop the AC beds as proposed at both UNC Rex Raleigh and UNC Rex Wake Forest.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section E.2, pages 111-113, 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:

- Develop a new acute care facility in a different location in Wake County
- Develop a different healthcare service in Wake Forest
- Develop a different number of acute care beds at UNC Health Rex Wake Forest Hospital
- Develop all of the proposed acute care beds at one location

- Develop all or some of the proposed acute care beds at UNC Health Rex Holly Springs Hospital

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

- *Develop a new acute care facility in a different location in Wake County:* The applicant determined that this is a less effective alternative because the applicant determined that northern Wake County and Franklin County have the greatest patient need and is an underserved area of Wake County for acute care services.
- *Develop a different healthcare service in Wake Forest:* The applicant considered developing a different healthcare service in Wake Forest such as an ambulatory site however, the applicant determined that this would be a less effective alternative as the proposed 50 bed hospital would offer all of the services that an ambulatory site would offer plus acute care services for which the residents of that area of Wake County have a crucial need.
- *Develop a different number of acute care beds at UNC Health Rex Wake Forest Hospital:* The applicant determined that this would be a less effective alternative based on an analysis of market and demographic factors as a smaller number of beds would not meet patient need in the area and a larger community hospital would expend too many resources for the area.
- *Develop all of the proposed acute care beds at one location:* The applicant determined that this would be a less effective alternative because there is a need both in the Wake Forest area for acute care bed services and at UNC Rex Raleigh where analysis of historical data also demonstrates the need for development of additional acute care beds at UNC Rex Raleigh (proposed in a concurrent and complimentary application) would help relieve capacity constraints at UNC Rex Raleigh and allow for the more effective means of accessible care as well as more efficient and effective care at UNC Rex Raleigh.
- *Develop all or some of the proposed acute care beds at UNC Health Rex Holly Springs Hospital:* The applicant determined that this was a less effective alternative based on historical and projected utilization at UNC Rex Holly Springs and thus it is more effective to develop the AC beds as proposed at both UNC Rex Raleigh and UNC Rex Wake Forest.

## **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section E.2, pages 83-86, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo
- Develop the proposed hospital with a different number of AC beds
- Develop the proposed hospital in a different location
- Develop the proposed hospital as a joint venture

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on project need and projected utilization not being reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- The applicant does not provide credible information to explain why it believes the proposed project is the most effective alternative.
- The application is not conforming to all statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

### **Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons stated above.

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section E.2, pages 83-84, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different complement of AC beds

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

- Maintaining the status quo is a less effective alternative as it does not address growing projected patient need for acute care bed capacity at Duke Cary.
- Develop incremental AC bed capacity at Duke Cary- the applicant determined that developing a different number of AC beds at Duke Cary would be less effective at addressing the needs of patients seeking DUHS services throughout Wake County which is why the applicant filed two concurrent and complimentary applications (this application and an application for 101 AC beds at Duke Raleigh) for AC beds in Wake County. Furthermore, developing additional beds at Duke Raleigh beyond what was applied for would require either a new bed tower or the addition of floors on an existing building which is less cost and time effective.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

In Section E.2, pages 86-87, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different complement of AC beds

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

- Maintaining the status quo is a less effective alternative as it does not address growing patient need for acute care bed capacity at Duke Raleigh.
- Developing a different number of acute care beds at Duke Raleigh is a less effective alternative as it would not improve needed access to AC bed services in other areas of Wake County. The applicant has filed a contemporaneous application for AC beds, at Duke Cary, concurrently with this application. The applicant states that the two applications improve access to DUHS AC bed services and convenience for patients throughout the service area.

### **Conclusion**

The Agency reviewed the:

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

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

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

**C**  
**The Rest of the Applications**

**NC**

**Novant Knightdale**

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1a, page 194, the applicant projects the total capital cost of the project, as shown in the table below.

Site Preparation	\$10,981,452
Construction Costs	\$245,621,489
Architect / Engineering Fees	\$19,245,221
Medical Equipment	\$46,761,702
Non-Medical Equipment	\$26,327,412
Furniture	\$14,963,745
Consultant Fees	\$2,450,000
Financing Costs	\$6,080,555
Interest During Construction	\$18,241,667
Other (Permitting, Scope/Project Contingency, Escalation)	\$39,019,357
<b>Total Capital Cost</b>	<b>\$429,692,600</b>

In Section F.1, page 97, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1a, page 194, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 100-101, the applicant states there will be no start-up costs or initial operating expenses because WakeMed Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 98, the applicant states that the capital cost will be funded through bonds issued by WakeMed.

Exhibit F.2 contains a letter dated August 15, 2025, from Kaufman, Hall & Associates, LLC (Kaufman Hall) a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the MSRB stating that regarding the proposed project which is estimated to cost \$429.69 million, *“Based on this significant market experience and assuming current market conditions as well as WakeMed’s current financial position, we are confident that WakeMed will be able to finance the cost of the Projects from cash and accumulated reserves and/or through bond issue proceeds, or a combination thereof, as needed. This is further evidenced by the WakeMed Obligated Group’s Cash & Short-Term Investments, which total over \$606 million as of 3/31/25, as well as their credit ratings of A2/A+ by Moody’s and*

*Fitch, respectively. It is our intent to assist WakeMed with any debt financing deemed beneficial to support these projects.”*

Exhibit F.2 also contains a copy of the audited financial statements for WakeMed as of September 30, 2024.

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

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for WakeMed Raleigh Hospital. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project, as shown in the tables below.

**WakeMed Raleigh Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/32-9/30/33)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/33-9/30/34)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/34-9/30/35)</b>
Total Gross Revenues	\$6,224,197,707	\$6,611,316,581	\$7,019,531,920
Total Net Revenue	\$1,844,448,320	\$1,952,816,350	\$2,066,664,344
Total Operating Expenses (Costs)	\$1,759,159,255	\$1,868,855,415	\$1,973,210,542
Net Income	\$85,289,066	\$83,960,935	\$93,453,802

Source: Form F.2b, WakeMed Raleigh Hospital, page 199.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

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

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

#### **Capital and Working Capital Costs**

In Section Q, Form F.1b, page 178, the applicant projects the total capital cost of the project, as shown in the table below.

	<b>Previously Approved Capital Cost [Project ID# J-12419-23]</b>	<b>Capital Cost (New) for this Project</b>	<b>New Total Capital Cost</b>
Site Preparation	9,680,000	\$484,000	\$10,164,000
Construction/Renovation Contract(s)	91,478,100	\$13,856,021	\$105,334,121
Architect / Engineering Fees	8,931,000	\$1,365,606	\$10,296,606
Medical Equipment	9,740,500	\$3,711,786	\$13,452,286
Non-Medical Equipment	10,072,070	\$2,877,254	\$12,949,324
Consultant Fees (Project Testing, Third Party Inspections, Impact Fees)	2,350,000	\$65,000	\$2,415,000
Financing Costs	2,232,699	\$395,587	\$2,628,286
Interest during Construction	6,698,244	\$1,186,762	\$7,885,006
Other (Permitting, Scope/Project Contingency, Escalation)	16,594,961	\$4,012,816	\$20,607,777
<b>Total Capital Cost</b>	<b>157,777,574</b>	<b>\$27,954,832</b>	<b>\$185,732,406</b>

In Section F.1.b, page 89, Exhibit F.1 (Architect Letter), and Section Q, Form F.1b, page 178, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 92-93, the applicant states there will be no start-up costs or initial operating expenses because WakeMed North is an existing hospital.

**Availability of Funds**

In Section F.2, page 90, the applicant states that the capital cost will be funded by bonds.

Exhibit F.2 contains a letter dated August 15, 2025, from Kaufman, Hall & Associates, LLC (Kaufman Hall) a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the MSRB stating that regarding the proposed project which is estimated to cost \$185.7 million (\$27.95 million from the proposed project and the \$157.77 million for the previously approved project), *“Based on this significant market experience and assuming current market conditions as well as WakeMed’s current financial position, we are confident that WakeMed will be able to finance the cost of the Projects from cash and accumulated reserves and/or through bond issue proceeds, or a combination thereof, as needed. This is further evidenced by the WakeMed Obligated Group’s Cash & Short-Term Investments, which total over \$606 million as of 3/31/25, as well as their credit ratings of A2/A+ by Moody’s and Fitch, respectively. It is our intent to assist WakeMed with any debt financing deemed beneficial to support these projects.”*

Exhibit F.2 also contains a copy of the audited financial statements for WakeMed as of September 30, 2024.

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

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for WakeMed North Hospital. The applicant projects that revenues will exceed operating expenses at WakeMed North Hospital for the first three full fiscal years following completion of the proposed project, as shown in the tables below.

**WakeMed North Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/29-9/30/30)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/30-9/30/31)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/31-9/30/32)</b>
Total Gross Revenues	\$1,309,174,902	\$1,372,156,550	\$1,438,584,604
Total Net Revenue	\$374,605,486	\$392,915,992	\$412,189,708
Total Operating Expenses (Costs)	\$294,466,834	\$308,875,675	\$322,536,023
Net Income	\$80,138,652	\$84,040,317	\$89,653,685

Source: Form F.2b, WakeMed North Hospital, page 183.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

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

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

### **Capital and Working Capital Costs**

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

	Previously Approved Capital Cost [Project ID# J-12264-22]	Capital Cost (New) for this Project	New Total Capital Cost
Purchase Price of Land	\$13,700,000	\$0	\$13,700,000
Site Preparation	\$7,500,000	\$2,447,424	\$9,947,424
Construction/Renovation Contract(s)	\$109,902,000	\$183,822,827	\$293,724,827
Architect / Engineering Fees	\$10,555,150	\$11,550,000	\$22,105,150
Medical Equipment	\$21,580,400	\$21,250,000	\$42,830,400
Non-Medical Equipment	\$12,281,080	\$9,000,000	\$21,281,080
Furniture	\$6,905,728	\$4,000,000	\$10,905,728
Consultant Fees	\$2,750,000	\$750,000	\$3,500,000
Financing Costs	\$3,028,397	\$3,858,996	\$6,887,393
Interest During Construction	\$9,078,495	\$11,374,627	\$20,453,122
Other (Permitting, Scope/Project Contingency, Escalation)	\$16,718,750	\$24,446,126	\$41,164,876
<b>Total Capital Cost</b>	<b>\$214,000,000</b>	<b>\$272,500,000</b>	<b>\$486,500,000</b>

In Section F.1.b, page 86, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1b, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 89, the applicant projects that start-up costs will be \$29,926,443 and initial operating expenses will be \$12,003,019 for a total working capital of \$41,929,462. On pages 89-91, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

**Availability of Funds**

In Section F.2, page 87, and in Section F.3, page 90, the applicant states that the capital and working capital costs will be funded through bonds and accumulated reserves of WakeMed.

Exhibit F.2 contains a letter dated August 15, 2025, from Kaufman, Hall & Associates, LLC (Kaufman Hall) a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the MSRB stating that regarding the proposed project which is estimated to cost \$486.5 million (\$272.5 million from the proposed project and the \$214 million for the previously approved project), *“Based on this significant market experience and assuming current market conditions as well as WakeMed’s current financial position, we are confident that WakeMed will be able to finance the cost of the Projects from cash and accumulated reserves and/or through bond issue proceeds, or a combination thereof, as needed. This is further evidenced by the WakeMed Obligated Group’s Cash & Short-Term Investments, which total over \$606 million as of 3/31/25, as well as their credit ratings of A2/A+ by Moody’s and Fitch, respectively. It is our intent to assist WakeMed with any debt financing deemed beneficial to support these projects.”*

Exhibit F.3 contains a letter from the Chief Financial Officer of WakeMed Health & Hospitals confirming the availability of and committing accumulated reserves to fund the working capital of the proposed project.

Exhibit F.2 also contains the audited financial statements for WakeMed which indicate the hospital had adequate accumulated reserves including cash and cash equivalents as of September 30, 2024, to fund the proposed project.

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

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for WakeMed Garner Hospital. The applicant projects that revenues will exceed operating expenses the first three full fiscal years at WakeMed North Hospital following completion of the proposed project, as shown in the table below.

**WakeMed Garner Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/28- 9/30/29)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/29- 9/30/30)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/30- 9/30/31)</b>
Total Gross Revenues	\$975,581,055	\$1,035,091,562	\$1,096,386,934
Total Net Revenue	\$248,557,279	\$262,246,044	\$276,209,174
Total Operating Expenses (Costs)	\$227,666,405	\$244,043,761	\$253,941,348
Net Income	\$20,890,874	\$18,202,283	\$22,267,825

Source: Form F.2b, WakeMed Cary Hospital.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- Information which was publicly available during the review and used by the Agency

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

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

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, page 149, the applicant projects the total capital cost of the project, as shown in the table below.

**Acute Care Beds**

Construction/Renovation Contract(s)	\$56,183,192
Architect / Engineering Fees	\$7,949,922
Medical Equipment	\$6,160,093
Non-Medical Equipment	\$11,256,697
Furniture	\$3,932,823
Consultant Fees	\$740,000
Other (CON Filing Fees, Permit Fees, Contingencies)	\$12,177,366
<b>Total Capital Cost</b>	<b>\$98,400,093</b>

In Section F.1, page 89, Section Q, Form F.1a Capital Cost and Form F.1a *Assumptions*, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 91-92, the applicant states there will be no start-up costs or initial operating expenses because UNC Rex Raleigh Hospital is an existing hospital.

**Availability of Funds**

In Section F.2, page 89, the applicant states that the capital cost will be funded by accumulated reserves of Rex Hospital, Inc.

Exhibit F.2-1 contains an August 15, 2025, letter from a Chief Financial Officer for UNC Health Rex documenting that the funds will be made available for the capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate cash and cash equivalents as of June 30, 2024, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

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

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for the UNC Rex Hospital License, the applicant projects that revenues will exceed operating expenses for UNC Rex Hospital License in the first three full fiscal years following completion of the project, as shown in the table below.

**UNC Rex Hospital License**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/31-6/30/32)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/32-6/30/33)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/33-6/30/34)</b>
Total Gross Revenues (Charges)	\$6,830,329,709	\$7,150,477,897	\$7,485,663,432
Total Net Revenue	\$2,396,132,174	\$2,507,358,922	\$2,623,779,484
Total Operating Expenses (Costs)	\$2,281,869,091	\$2,379,933,837	\$2,482,281,101
Net Income	\$114,263,083	\$127,425,086	\$141,498,383

Source: Form F.2b, UNC Health Rex License, page 157.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

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

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

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

**Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

**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.

Purchase Price of Land	\$15,300,000
Closing Costs	\$275,000
Site Preparation	\$28,268,127
Construction/Renovation Contract(s)	\$320,166,244
Landscaping	\$9,086,203
Architect / Engineering Fees	\$30,713,133
Medical Equipment	\$25,502,868
Non-Medical Equipment	\$13,819,003
Furniture	\$4,588,991
Consultant Fees	\$15,337,620
Other (Contingencies)	\$22,540,445
<b>Total Capital Cost</b>	<b>\$485,597,634</b>

In Section F.1, page 114, Section Q, Form F.1a Capital Cost and Form F.1a *Assumptions*, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost.

The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 116-117, the applicant projects that start-up costs will be \$3,437,188 and initial operating expenses will be \$14,952,249 for a total working capital of \$18,389,437. On pages 116-117, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

### **Availability of Funds**

In Section F.2, page 114, and Section F.3, 117, the applicant states that the capital and working capital cost will be funded by accumulated reserves of Rex Hospital, Inc.

Exhibit F.2-1 contains an August 15, 2025, letter from a Chief Financial Officer for UNC Health Rex documenting that the funds will be made available for the capital and working capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate accumulated cash reserves and investments, including cash and cash equivalents, as of June 30, 2024, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

### **Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for UNC Rex Wake Forest Hospital in the third full fiscal year following completion of the project, as shown in the table below.

#### **UNC Health Rex Wake Forest Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/31-6/30/32)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/32-6/30/33)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/33-6/30/34)</b>
Total Gross Revenues (Charges)	\$147,799,541	\$233,045,583	\$326,630,055
Total Net Revenue	\$53,608,602	\$84,528,327	\$118,472,497
Total Operating Expenses (Costs)	\$61,722,963	\$85,366,797	\$111,221,215
Net Income	(\$8,114,361)	(\$838,469)	\$7,251,282

Source: Form F.2b, UNC Health Rex Wake Forest Hospital, page 199.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

## **Conclusion**

The Agency reviewed the:

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

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

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

### **Capital and Working Capital Costs**

In Section Q, Form F.1a, page 160, the applicant projects the total capital cost of the project, as shown in the table below.

Purchase Price of Land	\$23,400,000
Closing Costs	\$150,000
Construction Contract(s)	\$164,872,644
Architect / Engineering Fees	\$18,135,991
Medical Equipment	\$18,607,815
Non-Medical Equipment	\$11,201,171
Furniture	\$5,573,960
Consultant Fees	\$115,000
Other (Contingencies)	\$12,646,729
Total Capital Cost	\$254,703,310

In Section F.1, page 87, Section Q, Form F.1a Capital Cost, page 160, and Form F.1a *Capital Cost Assumptions*, page 174, and in Exhibit F.1 (architect's cost certification letter) the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 89, the applicant projects that start-up costs will be \$4,534,145 and initial operating expenses will be \$4,965,240 for a total working capital of \$9,499,385. On pages 89-90, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

### **Availability of Funds**

In Section F.2, page 87, and in Section F.3, page 90, the applicant states that the capital costs and working capital costs will be funded by accumulated reserves of Novant Health Knightdale Medical Center, LLC.

Exhibit F.2 contains an August 2, 2025, letter from the Executive Vice President and Chief Financial Officer for Novant Health, Inc. documenting that the funds are available in accumulated reserves and will be made available for the capital and working capital costs of the project. Exhibit F.2 also contains the audited financial statements for Novant Health, Inc. and Affiliates, which indicate adequate accumulated reserves and investments, including cash and cash equivalents, as of December 31, 2024, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

### **Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for Novant Health Knightdale Hospital for the third full fiscal year following completion of the project, as shown in the table below.

**Novant Health Knightdale Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (CY2030)</b>	<b>2<sup>nd</sup> Full Fiscal Year (CY2031)</b>	<b>3<sup>rd</sup> Full Fiscal Year (CY2032)</b>
Total Gross Revenues (Charges)	\$162,933,715	\$246,198,437	\$341,682,834
Total Net Revenue	\$40,190,522	\$60,338,622	\$83,384,984
Total Operating Expenses (Costs)	\$55,290,940	\$63,404,797	\$72,397,848
Net Income	<b>(\$15,100,418)</b>	<b>(\$3,066,174)</b>	<b>\$10,987,135</b>

Source: Form F.2b, page 161, Novant Health Knightdale Hospital.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application.

However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

**Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for the following reasons:

- The applicant does not adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

**Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

### **Capital and Working Capital Costs**

In Section Q, proformas, Form F.1b, page 168, the applicant projects the total capital cost of the project, as shown in the table below.

	<b>Previously Approved Capital Cost [Project ID#J-12029-21]</b>	<b>Capital Cost (New) for this Project</b>	<b>New Total Capital Cost</b>
Site Preparation	\$13,600,000	\$ 32,100,000	\$45,700,000
Construction/Renovation Contract(s)	\$161,700,000	\$ 687,679,640	\$849,379,640
Landscaping	\$550,000	\$ 1,500,000	\$2,050,000
Architect / Engineering Fees	\$15,100,000	\$ 63,531,180	\$78,631,180
Medical Equipment	\$36,400,000	\$ 88,297,907	\$124,697,907
Non-Medical Equipment	\$5,450,000	\$ 43,052,384	\$48,502,384
Furniture	\$2,150,000	\$ 11,892,729	\$14,042,729
Other (CON Filing Fees)	\$50,000	\$ 50,000	\$100,000
Other (Contingency)	\$0	\$ 58,100,000	\$58,100,000
<b>Total Capital Cost</b>	<b>\$235,000,000</b>	<b>\$ 986,203,840</b>	<b>\$1,221,203,840</b>

In Section F.1, page 85, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1b, and Form F.1(B) *Assumptions*, p, 169, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 87, the applicant projects that start-up costs will be \$17,317,656 and initial operating expenses will be \$41,579,237 for a total working capital of \$58,896,893. On pages 87-88, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

### **Availability of Funds**

In Section F.2, page 85, and in Section F.3, page 88, the applicant states that the capital costs and working capital costs will be funded by accumulated reserves of Duke University Health System, Inc.

Exhibit F.2(a) contains a letter dated August 15, 2025, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2(b) also contains a copy of the audited financial

statements for Duke University Health System which indicate adequate accumulated reserves cash and cash equivalents as of June 30, 2024, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for the Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/2031-6/30/2032)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/2032-6/30/2033)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/2033-6/30/2034)</b>
Total Gross Revenues	\$31,608,320,000	\$33,331,319,000	\$35,144,978,000
Total Net Revenue	\$11,367,929,000	\$12,093,880,000	\$12,712,675,000
Total Operating Expenses (Costs)	\$10,780,001,000	\$11,412,399,000	\$11,968,401,000
Net Income	\$587,929,000	\$681,480,000	\$744,274,000

Source: Form F.2b, DUHS.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

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

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

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

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1, page 161, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	\$14,300,000
Architect / Engineering Fees	\$1,150,000
Medical Equipment	\$7,500,000
Non-Medical Equipment	\$700,000
Furniture	\$800,000
Other (Contingency)	\$4,600,000
<b>Total Capital Cost</b>	<b>\$29,050,000</b>

In Section F.1, page 88, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1, and Form F.1(A) *Assumptions*, p, 155, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 90, the applicant states there will be no start-up costs or initial operating expenses because Duke Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 88, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	DUHS, Inc.	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$29,050,000	\$29,050,000
Bonds	\$0	\$0
Other	\$0	\$0
Total Financing	\$29,050,000	\$29,050,000

\* OE = Owner’s Equity

Exhibit F.2(a) contains a letter dated August 15, 2025, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2(b) also contains a copy of the audited financial statements for Duke University Health System which indicate adequate accumulated reserves cash and cash equivalents as of June 30, 2024, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	1 <sup>st</sup> Full Fiscal Year (7/1/2029-6/30/2030)	2 <sup>nd</sup> Full Fiscal Year (7/1/2030-6/30/2031)	3 <sup>rd</sup> Full Fiscal Year (7/1/2031-6/30/2032)
Total Gross Revenues	\$28,426,294,000	\$29,975,523,000	\$31,608,320,000
Total Net Revenue	\$9,996,623,000	\$10,675,124,000	\$11,367,929,000
Total Operating Expenses (Costs)	\$9,544,331,000	\$10,191,529,000	\$10,780,001,000
Net Income	\$452,292,000	\$483,595,000	\$587,929,000

Source: Form F.2b, DUHS.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

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

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

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

## NC

### **Novant Knightdale**

The 2025 SMFP includes a need determination for 267 acute care beds in the Wake County service area.

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

There are 1,509 existing and approved acute care beds in Wake County plus the 44 AC beds from the 2023 SMFP need determination and the 70 AC beds from the 2024 SMFP need determination which total 114 AC beds [44 + 70 = 114]. The Agency issued decisions regarding the AC beds for both the 2023 and 2024 Wake County AC beds need determinations. However, both of those decisions are currently under appeal so neither the

44 AC beds nor the 70 AC beds from the 2023 and 2024 SMFP need determinations will be allocated to any of the applicants until those appeals are resolved. There are eight hospital campuses (existing and/or approved) in the Wake County service area that are divided between three health systems. The hospital campuses with acute care beds allocations are listed in the following table.

	Licensed Acute Care Beds	Adjustments for CONs/Previous Need Determinations	Total All Beds
Duke Raleigh Hospital	204	(-40)	164
Duke Cary Hospital*	0	40	40
<b>Total: Duke Health System</b>	<b>204</b>	<b>0</b>	<b>204</b>
UNC Rex Hospital	418	18	436
UNC Rex Holly Springs Hospital	50	0	50
<b>Total: UNC Rex Health System*</b>	<b>468</b>	<b>18</b>	<b>486</b>
WakeMed Raleigh Campus	539	0	539
WakeMed Raleigh Campus		(-22)	(-22)
Total: WakeMed Raleigh			517
WakeMed North Hospital	71	0	71
WakeMed Garner Hospital		31	31
WakeMed Cary Hospital	200	0	200
<b>Total: WakeMed Health System**</b>	<b>774</b>	<b>45</b>	<b>819</b>
			<b>1509</b>
2023 NEED DETERMINATION	0	44	44
2024 NEED DETERMINATION	0	70	70
<b>2023 &amp; 2024 NEED DETERMINATIONS</b>			<b>114</b>
<b>Total: Wake County Service Area Total with 2023 &amp; 2024 Need Determinations</b>	<b>1,446</b>	<b>177</b>	<b>1623</b>

Source: Table 5A, 2025 SMFP, pages 45, and project approval data.

\*DUHS was originally approved to develop a separately licensed acute care hospital, Duke Green Level Hospital (Project ID#J-12029-21), by relocating 40 AC beds from Duke Raleigh. The proposed hospital has been renamed Duke Cary Hospital. In addition, once developed, Duke Cary Hospital will operate as a hospital campus under the Duke Raleigh Hospital License and not as a separately licensed hospital.

\*\*UNC Rex Health System has two hospitals operating under the same license. UNC Rex Hospital was approved to develop 18 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12258-22).

\*\*\*WakeMed was approved to develop a new acute care hospital with 31 AC beds, WakeMed Garner Hospital, by relocating 22 AC beds from WakeMed Raleigh and developing 9 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12264-22).

### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

In Section G.2, pages 107-108, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“As documented throughout this application, WakeMed needs more acute care beds just to address the significant current inpatient demand at WakeMed Raleigh Campus. Expected future demand will sustain and increase the need. Data from the WakeMed Emergency Department shows that for the 12 months ending in March 2025, an average of 40 adult patients a day were boarding in the WakeMed Raleigh Campus Emergency Department awaiting an inpatient bed. In the peak month – January 2025 – an average day had 59 patients in boarding status. These data are based on individual patient’s waits. They stayed in Emergency Department Clinical Evaluation Unit, PACU or other unlicensed beds throughout the hospital. Historical data show that the number of such patients at WakeMed Raleigh Campus is increasing. See Exhibit G.2.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 164 acute care beds.
- The applicant adequately demonstrates that the proposed 164 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section G.2, pages 100-101, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The proposed project is in response to the need determination for acute care beds in Wake County in the 2025 SMFP.*

*As documented throughout this application, WakeMed needs more acute care beds to address significant current inpatient demand at WakeMed North. Exhibit G.2 shows the number of patients who have been in the hospital in holding or “boarding” status, while they waited for available acute care inpatient beds. These patients were held in the Emergency Department, in the surgical post-acute care unit, and, unfortunately, in hallways at peak times.*

*In the 12-month period, April 2024 through March 2025, on a given day, an average of 26 people were “boarders.” In the peak month, June 2024 as many as 44 patients were “boarders.” Month to month boarder averages are up in 2025. As the table in Exhibit G.2 illustrates, however, they are higher in certain months. Patient boarding averages ranged from a low of 15 to a high of 44.*

*In the absence of more acute care beds, WakeMed has struggled to keep up with community demand. WakeMed North was on Emergency Department Red Diversion during nine of the last 12 months. When that occurred, ambulances were diverted to other hospitals.*

*WakeMed worked to transfer patients to available beds within the system. However, as illustrated in Exhibit C.5, pp14-15 and the utilization history and forecasts with Form C in Section Q of this application, other WakeMed facilities are also operating above their target occupancies.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 25 acute care beds.
- The applicant adequately demonstrates that the proposed 25 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

In Section G.2, page 98, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The proposed project will not result in unnecessary duplication of the existing or approved facilities that provide the same services and are located in the proposed service area. The application is in response to a need for acute care inpatient beds in Wake County as published in the 2025 SMFP. It is supported by subsequent data published in the Proposed 2026 SMFP.*

*As documented throughout this application, it is very clear that WakeMed has a need for additional acute care inpatient bed capacity to address significant constraints. Adding complementary acute care services to meet this demand does not represent unnecessary duplication of services.*

*WakeMed proposes to meet this need most effectively by expanding an approved new community hospital to serve patients in and around the Garner community; there is currently no acute care hospital in this area.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 78 acute care beds.
- The applicant adequately demonstrates that the proposed 78 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information which was publicly available during the review and used by the Agency

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

In Section G.2, page 99, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County.

*“The 2025 SMFP includes a need determination for 267 additional acute care beds in Wake County, the largest acute care bed need out of all counties in the state. As described in Section C.4 and Form C Assumptions and Methodology, UNC Health Rex Hospital’s acute care days grew at a compound annual growth rate (CAGR) of 4.1 percent from fiscal year (FY) 2019 through FY 2025 – more than double the historical population growth rate of Wake County from 2020 through 2025. This has led to that campus having high occupancy rates, which have negatively impacted multiple aspects of hospital operations and forced UNC Health Rex to not only be on temporary bed overflow status at UNC Health Rex Hospital, but also hold patients in the emergency department or other areas of the hospital for extended periods of time until a bed is available for admission. As the only tertiary hospital in Wake County that is part of a health system led by a quaternary, academic medical center, UNC Health Rex Hospital plays a unique role in Wake County and the surrounding area, including providing a site of care for UNC faculty physicians from multiple specialties, and offering some of the highest acuity care available in the county. No other provider can meet the needs of patients that choose UNC Health Rex Hospital.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 106 acute care beds.
- The applicant adequately demonstrates that the proposed 106 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section G.2, page 123, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

*“The 2025 SMFP includes a need determination for 267 additional acute care beds in Wake County, the largest acute care bed need out of all counties in the state. As described in Section C.4 and Form C Assumptions and Methodology, UNC Health Rex believes there is currently a lack of accessible acute care services in northern Wake and Franklin counties, two areas from which UNC Health Rex has historically served a significant number of patients. Additionally, the most northern acute care facility in Wake County is still within the Raleigh city limits, and there is currently no hospital in Franklin County that provides inpatient acute care services.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 50 acute care beds.
- The applicant adequately demonstrates that the proposed 50 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information which was publicly available during the review and used by the Agency

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section G.2, pages 97-98, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

*“The proposed project will not result in an unnecessary duplication of existing or approved health service facilities in Wake County. The 2025 SMFP identifies a need for 267 additional acute care beds in the Wake County service area due to sustained growth in acute care utilization and the projected shortfall of capacity among current and approved facilities. Novant Health is proposing to develop 26 of these beds, representing approximately ten percent of the total need determination, in a region of the county that is currently underserved by inpatient facilities.*

*Novant Health does not currently operate a hospital in Wake County, and NH Knightdale would be its first acute care presence in the county. The project is not duplicative, but rather introduces a new provider that enhances geographic access, supports growing demand, and promotes meaningful competition, goals that are aligned with both the intent of the SMFP and the CON statutory objectives.”*

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on project need and projected utilization not being reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section G.2, pages 95-96, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“ Based on the utilization data listed in Question G.1 and the resulting need determination in the 2025 and draft 2026 SMFPs, every hospital in Wake County has a projected bed deficit, reflecting that the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County.*

...

*As set forth in Section C and Q, the historical utilization of DUHS's acute care beds by Wake County residents is evidence of a growing demand to utilize DUHS and Duke Health services. DUHS demonstrates the need for the proposed hospital services based on demographic data specific to the acute care service area, historical DUHS acute care utilization, and qualitative benefits of the new hospital.*

*As further evidence of the need for additional beds in Wake County, Sections C and Q address significant annual census of Wake County patients admitted to Duke University Hospital and Duke Regional Hospital. With additional capacity in DUHS Wake County facilities, a number of these patients will have access to care closer to home.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 120 acute care beds.
- The applicant adequately demonstrates that the proposed 120 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

In Section G.2, pages 97, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“Based on the utilization data listed in Question G.1 and the resulting need determination in the 2025 and draft 2026 SMFPs, every hospital in Wake County has a projected bed deficit, reflecting that the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County.*

*As set forth in Section C and Q, the historical utilization of DUHS’s acute care beds by Wake County residents is evidence of a growing demand to utilize DUHS and Duke Health services. DUHS demonstrates the need for the proposed hospital services based on demographic data specific to the acute care service area, historical DUHS acute care utilization, and qualitative benefits of the new hospital.*

*As further evidence of the need for additional beds in Wake County, Sections C and Q address the significant annual census of Wake County patients admitted to Duke University Hospital and Duke Regional Hospital. With additional capacity in DUHS Wake County facilities, a number of these patients will have access to care closer to home.”*

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

- There is a need determination in the 2025 SMFP for 267 acute care beds in the Wake County service area and the applicant proposes to develop 101 acute care beds.
- The applicant adequately demonstrates that the proposed 101 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

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

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

## C

### All Applications

#### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 111-115, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibits H.2, H.3 and M.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

#### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 104-108, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.2, H.3 and M.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 101-105, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibits H.2, H.3 and M.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 101-102, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 125-126, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3a. In Sections H.2 and H.3, pages 99-102, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 98-99, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 98-99, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

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

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

- (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 All Applications

### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

#### **Ancillary and Support Services**

In Section I.1, page 116, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 117-118, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

#### **Coordination**

In Section I.2, page 118, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 2, 5, 20, 32 and 38. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

### **Ancillary and Support Services**

In Section I.1, page 110, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 111-112, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, pages 112-113, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 2, 5, 32 and 38. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

### **Ancillary and Support Services**

In Section I.1, page 107, the applicant identifies the necessary ancillary and support services for the proposed services. On page 108, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 109, 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 adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 104, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 104-105, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 105, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

#### **Ancillary and Support Services**

In Section I.1, page 127, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 127-128, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

#### **Coordination**

In Section I.2, page 128, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 103, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 103-104, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, pages 104-106, the applicant describes its existing and proposed relationships with other local health care and social service providers and supporting documentation in Exhibits C-1-2 and I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

### **Ancillary and Support Services**

In Section I.1, page 101, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 101-102, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit C.4. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 102, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 101, the applicant identifies the necessary ancillary and support services for the proposed services. On page 101, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit B.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, pages 101-102, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

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

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

**NA**

#### **All Applications**

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, none of the applicants project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

**NA**

#### **All Applications**

None of the applicants are HMOs. Therefore, Criterion (10) is not applicable to this review.

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

## C

### All Applications

#### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

In Section K, page 121, the applicant states that the project involves the construction of 298,010 square feet of new space and the renovation of 1,250 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 122, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 122, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

In Section K, page 123, and Exhibit K.3, the applicant identifies the applicable energy saving features that will be incorporated into the construction plans.

#### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section K, page 116, the applicant states that the project involves the renovation of 22,000 square feet. Line drawings are provided in Exhibit K.2.

On page 117 and Exhibits E.3 and F.1 the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 117, 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.

In Section K, page 118, and in Exhibit K.3, the applicant identifies applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

In Section K, page 112, the applicant states that the project involves the construction of 175,000 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 113, and Exhibits F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 114, 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.

In Section K, page 114, and in Exhibit K.4, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

In Section K, page 108, the applicant states that the project involves the renovation of 96,564 square feet. Line drawings are provided in Exhibit C.1-2.

On pages 108-109, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 109, and in Exhibit F.2-2, 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.

In Section B, page 28, and in Section K, page 109, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section K, page 131, the applicant states that the project involves constructing 308,467 square feet of new space for a new hospital campus. Line drawings are provided in Exhibit C.1.

On pages 133-134, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.4-1, K.4-2 and K.4-3. The site appears to be suitable for the proposed new acute care hospital based on the applicant's representations and supporting documentation.

On pages 131-132, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 132, and in Exhibit F.2-2, 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.

In Section B, page 28, and in Section K, page 132, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

In Section K, page 109, the applicant states that the project involves constructing 139,349 square feet of new space for a new hospital campus. Line drawings are provided in Exhibit K-1.

On pages 110-112, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.1. The site appears to be suitable for the proposed new acute care hospital based on the applicant's representations and supporting documentation.

On pages 109-110, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 10, and in Exhibit F.1, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

In Section B, pages 28-30, and in Section K, page 110, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section K, page 105, the applicant states that the project involves constructing 676,356 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 105-106, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 106, 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.

In Section B, pages 25, and in Section K, page 106, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

In Section K, page 104, the applicant states that the project involves the renovation of 35,490 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 105, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 105, 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.

In Section B, page 26, and in Section K, page 105, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

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

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

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved.

#### **C**

**WakeMed Raleigh  
WakeMed North  
UNC Rex Raleigh  
Duke Raleigh**

#### **NA**

**WakeMed Garner  
UNC Rex Wake Forest  
Novant Knightdale  
Duke Cary**

### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

In Section L, page 127, the applicant provides the historical payor mix from 10/1/2023 to 9/30/2024 for the facility, as shown in the table below.

**WakeMed Raleigh Hospital: Facility**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	3.7%
Medicare*	41.7%
Medicaid*	19.3%
Insurance*	31.1%
Other (TRICARE/Other Govt)	4.1%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 127 of the application.

\*Including any managed care plans.

In Section L, page 128, the applicant provides the following comparison.

	<b>Percentage of Total Patients Served by the Facility during the Last Full FY</b>	<b>Percentage of the Population of the Service Area</b>
Female	61.9%	52.0%
Male	38.1%	48.0%
Unknown	<0.1%	
64 and Younger	78.1%	85.9%
65 and Older	21.9%	14.1%
American Indian	0.4%	1.2%
Asian	4.1%	7.1%
Black or African American	24.8%	21.8%
Native Hawaiian or Pacific Islander	<0.1%	0.0%
White or Caucasian	54.5%	65.5%
Other Race	11.2%	4.4%
Declined / Unavailable	5.0%	

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's

service area which is medically underserved. Therefore, the application is conforming to this criterion.

**Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

In Section L, page 122, the applicant provides the historical payor mix from 10/1/2023 to 9/30/2024 for the facility, as shown in the table below.

**WakeMed North Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	4.7%
Medicare*	34.4%
Medicaid*	13.3%
Insurance*	44.6%
Other (TRICARE/Other Govt)	3.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 122 of the application.

\*Including any managed care plans.

In Section L, page 123, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	64.1%	52.0%
Male	35.9%	48.0%
Unknown	<0.1%	
64 and Younger	75.0%	85.9%
65 and Older	24.9%	14.1%
American Indian	0.3%	1.2%
Asian	2.2%	7.1%
Black or African American	30.7%	21.8%
Native Hawaiian or Pacific Islander	<0.1%	0.0%
White or Caucasian	54.4%	65.5%
Other Race	10.3%	4.4%
Declined / Unavailable	2.0%	

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

**Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

WakeMed Garner Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

In Section L, page 112, the applicant provides the historical payor mix during 7/1/2023 to 6/30/2024 for the facility, as shown in the table below.

**UNC Rex Hospital: Facility**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	2.5%
Medicare*	56.7%
Medicaid*	6.7%
Insurance*	32.2%
Other (Other Govt, Workers Comp & TRICARE)	1.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 112 of the application.

\*Including any managed care plans.

In Section L, page 113, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	62.6%	51.0%
Male	37.2%	49.0%
Unknown	0.1%	0.0%
64 and Younger	55.3%	86.6%
65 and Older	44.7%	13.4%
American Indian	0.4%	0.8%
Asian	2.3%	9.4%
Black or African American	23.2%	20.6%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	66.5%	66.3%
Other Race	5.5%	2.9%
Declined / Unavailable	2.1%	0.0%

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

**Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

UNC Health Rex Wake Forest Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

Novant Health Knightdale Medical Center is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

Duke Cary Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

In Section L, page 107, the applicant provides the historical payor mix during 7/1/2024 to 6/30/2025 for the facility, as shown in the table below.

**Duke Raleigh Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.5%
Charity Care	6.5%
Medicare*	44.5%
Medicaid*	8.4%
Insurance*	37.7%
Workers Compensation	0.2%
TRICARE	1.3%
Other	1.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 121 of the application.

\*Including any managed care plans.

In Section L, page 108, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	62.4%	51.0%
Male	37.5%	49.0%
Unknown	0.1%	
64 and Younger	55.6%	86.3%
65 and Older	44.4%	13.7%
American Indian	0.5%	0.9%
Asian	3.2%	10.2%
Black or African American	25.2%	20.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	62.6%	65.5%
Other Race	3.4%	
Declined / Unavailable	5.0%	

The Agency reviewed the:

- Application
- Exhibits to the application

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (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**

**WakeMed Raleigh**  
**WakeMed North**  
**UNC Rex Raleigh**  
**Duke Raleigh**

**NA**

**WakeMed Garner**  
**UNC Rex Wake Forest**  
**Novant Knightdale**  
**Duke Cary**

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 130, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2, p.5. WakeMed accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. ... WakeMed has a policy for care of persons with Disabilities. Please see Exhibit C.6, p44.”*

In Section L.2b, page 130, regarding whether any patient civil rights equal access complaints have been filed against WakeMed in the past 18 months, the applicant states that

*“On March 26, 2025, a complaint was filed with the Office of Civil Rights alleging that WakeMed failed to amend a patient’s medical record as requested. April 17, 2025, WakeMed received notice of closure from OCR stating that “after conducting such a review of the complaint, and additional documentation OCR determined not to further investigate the allegations raised.”*

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 125, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2, p5. WakeMed Raleigh [sic] accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. See discussion in Sections B.20, and and C.6. WakeMed has a policy for care of persons with Disabilities. For that, see Exhibit C.6, p44.”*

In Section L.2b, page 125, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

However, the project analyst notes that in Section L.2b, page 130, in application [Project ID# J-12671-25/ WakeMed Raleigh] filed concurrently with this application regarding whether any patient civil rights equal access complaints have been filed against WakeMed in the past 18 months, the applicant states that

*“On March 26, 2025, a complaint was filed with the Office of Civil Rights alleging that WakeMed failed to amend a patient’s medical record as requested. April 17, 2025, WakeMed received notice of closure from OCR stating that “after conducting such a review of the complaint, and additional documentation OCR determined not to further investigate the allegations raised.”*

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

**Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

WakeMed Garner Hospital is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 115, the applicant states,

*“UNC Health REX Hospital has had no obligations to provide uncompensated care, community service, or access to care by medically underserved, minorities, or handicapped persons during the last three years. However, in order to maintain UNC Health REX 501(c)(3) tax-exempt status, it is necessary to fulfill a general obligation to provide access to healthcare services for all patients needing care, regardless of their ability to pay. UNC Health REX Hospital does this on a routine basis for all patients regardless of referral source.”*

In Section L.2b, page 116, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against UNC Health Rex.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

**Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

UNC Rex Wake Forest is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

Novant Health Knightdale Medical Center is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

Duke Cary is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 108, the applicant states,

*“For information purposes, Duke University Health System hospitals have satisfied the requirements of applicable federal regulations to provide, on an annual basis, a certain amount of uncompensated care in return for Hill Burton funds previously received. Further, they comply with the provisions of section 501(r) of the Internal Revenue Code including provisions requiring a published financial assistance policy, limiting charges to self-pay patients, and periodically conducting a Community Health Needs Assessment. DUHS has no special obligation under applicable Federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons, other than those obligations which apply to private, not-for-profit, acute care hospitals that participate in the Medicare, Medicaid, VA, TRICARE and Title V programs.”*

In Section L, page 109, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Duke Raleigh Hospital.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

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

**C**

**All Applications**

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

In Section L.3, page 131, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [10/1/2034 to 9/30/2035] of operation following completion of the project, as shown in the table below.

**WakeMed Raleigh Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	2.7%
Medicare*	49.5%
Medicaid*	16.7%
Insurance*	27.2%
Other (TRICARE, Other Govt)	3.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 131 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.7% of acute care bed services will be provided to self-pay patients, 49.5% to Medicare patients and 16.7% to Medicaid patients.

In Section L, page 131 and in Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on historical payor mix and the aging of the population.

The Agency reviewed the:

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

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

**Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

In Section L.3, page 126, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [10/1/2031 to 9/30/2032] of operation following completion of the project, as shown in the table below.

**WakeMed North Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	3.3%
Medicare*	65.2%
Medicaid*	8.2%
Insurance*	21.3%
Other (TRICARE/Other Govt)	3.1%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 126 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.3% of acute care bed services will be provided to self-pay patients, 65.2% to Medicare patients and 8.2% to Medicaid patients.

In Section L, page 126 and in Section Q, proformas, 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's based on historical payor mix, the aging of the population and the impact of Medicaid expansion in the catchment area.

The Agency reviewed the:

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

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

**Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

In Section L.3, page 122, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year of operation following completion of the project, as shown in the table below.

**WakeMed Garner Hospital: Acute Care Beds**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	5.8%
Medicare*	27.0%
Medicaid*	30.9%
Insurance*	33.0%
Other (Workers Comp/Other Govt/3PL)	3.3%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 122 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 5.8% of acute care bed services will be provided to self-pay patients, 27.0% to Medicare patients and 30.9% to Medicaid patients.

In Section L.3, page 122 and in Section Q, proformas, 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's based on WakeMed historical payor mix (FY 2024) and the aging of the population.

The Agency reviewed the:

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

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

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

In Section L.3, page 116, the applicant projects the following payor mix for the proposed acute care beds and operating rooms during third full fiscal year [7/1/2033 to 6/30/2034] of operation following completion of the project, as shown in the table below.

**UNC Rex Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	1.6%
Medicare*	62.1%
Medicaid*	9.5%
Insurance*	24.8%
Other (Includes Other Govt, Workers Comp & TRICARE)	2.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.6% of acute care bed services will be provided to self-pay patients, 62.1% to Medicare patients and 9.5% to Medicaid patients.

On page 115, the applicant provides the assumptions and methodology used to project payor mix for both acute care bed services and during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because inpatient services is based on the historical payor mix for UNC Rex Hospital's acute care beds of the residents from the primary geographic service area receiving those services. The applicant also adjusted for the expected impact of Medicaid expansion.

The Agency reviewed the:

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

In Section L.3, page 140, the applicant projects the following payor mix for inpatient services (including inpatient surgery) during third full fiscal year [7/1/2033 to 6/30/2034] of operation following completion of the project, as shown in the table below.

**UNC Health Rex Wake Forest: Inpatient Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	1.5%
Medicare*	60.1%
Medicaid*	5.5%
Insurance*	29.1%
Other (Includes Other Govt, Workers Comp & TRICARE)	3.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 140 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.5% of inpatient services will be provided to self-pay patients, 60.1% to Medicare patients and 5.5% to Medicaid patients.

On pages 138-139, the applicant provides the assumptions and methodology used to project payor mix for inpatient services during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because:

*“Projected payor sources for Inpatient Services (Including Inpatient Surgery), are based on payor sources of acuity appropriate patients in the primary geographic service area who are currently receiving services at UNC Health Rex Hospital in FY 2024, as described in Form C Assumptions and Methodology.*

...

*With the expansion of Medicaid coverage in North Carolina, the Medicaid portion of payor mix for the proposed services and facility has been increasing. Based on what has been experienced to date, it is expected that the increase in percentage of Medicaid patients is coming primarily from those that are currently classified as Self-Pay. UNC Health Rex also understands that there may be future changes to Medicaid, the extent or direction of which are not currently known. Based on data available during the preparation of this application from year-to-date FY 2025, UNC Health Rex projects that another 30 percent of Self-Pay patients will shift to Medicaid in FY 2025, then, given unknown future changes, projects those percentages to remain constant through the third full fiscal year.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- Information publicly available during the review and used by the Agency

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

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

In Section L.3, page 116, the applicant projects the following payor mix for inpatient services and outpatient surgical services during third full fiscal year [CY2032: 1/1/2032 to 12/31/2032] of operation following completion of the project, as shown in the table below.

**Novant Knightdale: Inpatient Services (CY2032)**

Payor Category	Percentage of Total Patients Served
Self-Pay	3.7%
Medicare*	34.6%
Medicaid*	24.6%
Insurance*	34.7%
Other (Other Govt, Institutional/Workers Comp)	2.4%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.7% of inpatient services will be provided to self-pay patients, 34.6% to Medicare patients and 24.6% to Medicaid patients.

**Novant Knightdale: Outpatient Surgical Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	2.9%
Medicare*	34.0%
Medicaid*	8.5%
Insurance*	51.6%
Other (Other Govt, Institutional/Workers Comp)	3.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.9% of outpatient surgical services will be provided to self-pay patients, 34.0% to Medicare patients and 8.5% to Medicaid patients.

On page 117, the applicant provides the assumptions and methodology used to project payor mix for inpatient services and outpatient surgical services and non-surgical outpatient services during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

*“Inpatient payor mix was determined by calculating the payor mix of service area residents’ discharges from the CAC MS DRG set. Outpatient surgical payor mix was determined by calculating the payor mix of outpatient visits with an OR flag in the CY2024 HIDI data by payor among service area residents. The analysis excluded services that are not projected to be served at NH Knightdale. These excluded services include mammography, infusion, physician office visits, pre- and post-natal visits, cardiac rehab, sleep study, athletic training, PET scans, cardiac catheterization, eye surgery and hospital-based outpatient rehabilitation.*

*Outpatient non-surgical payor mix was determined using the same method as described in the paragraph above, but for outpatients without an OR flag in the HIDI data.”*

The Agency reviewed the:

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

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

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

In Section L.3, pages 111-112, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [7/1/2033 to 6/30/2034] of operation following completion of the project, as shown in the table below.

**Duke Raleigh Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	3.3%
Charity Care	0.4%
Medicare*	56.4%
Medicaid*	14.6%
Insurance*	22.7%
Other (incl Workers Comp, TRICARE, Other Govt Payors)	2.7%
<b>Total</b>	<b>100.0%</b>

Source: Table on pages 111-112 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.3% of acute care bed services will be provided to self-pay patients, 56.4% to Medicare patients and 14.6% to Medicaid patients.

In Section Q, page 190, the applicant provides, in detail, 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.

The Agency reviewed the:

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

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

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

In Section L.3, page 110, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [7/1/2031 to 6/30/2032] of operation following completion of the project, as shown in the table below.

**Duke Raleigh Hospital: Inpatient Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.2%
Charity Care	11.4%
Medicare*	53.3%
Medicaid*	10.0%
Insurance*	22.0%
Workers Compensation	0.2%
TRICARE	0.8%
Other	2.2%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 110 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.2% of acute care bed services will be provided to self-pay patients, 11.4% to charity care patients, 53.3% to Medicare patients and 10.0% to Medicaid patients.

On page 109, 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 applicant states:

*“DUHS assumes that payor mix will remain constant with its current payor mix, with the following adjustments:*

*A projected one-time shift of a percentage of managed care patients to Medicare, based on an analysis of current patients ages 63 and 64 with adjustment for the prior year 65 year old patients who shifted to Medicare, calculated at 2.96% of managed care inpatients and 1.9% of managed care outpatients.*

*A projected shift from self-pay to Medicaid Managed care to reflect patients estimated to qualify for Medicaid. Medicaid Expansion in NC began December 1, 2023, estimated at 32.07%.”*

The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for acute care beds at DRAH.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information publicly available during the review and used by the Agency

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

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

## C

### All Applications

#### **Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

In Section L.5, pages 133-134, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

#### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

In Section L.5, pages 128-129, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

#### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

In Section L.5, pages 126-127, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

In Section L.5, page 117, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

In Section L.5, page 142, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

In Section L.5, page 120, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

In Section L.5, page 113, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

In Section L.5, 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
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

### **C All Applications**

**All Applications.** In Section M, the applicants describe the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provide supporting documentation in the referenced exhibits.

The Agency reviewed the:

- Applications
- Exhibits to the applications
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that all of the applicants adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, all of the applications are conforming to this criterion.

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

### **C The Rest of the Applications**

**NC  
Novant Knightdale**

The 2025 SMFP includes a need determination for 267 acute care beds in the Wake County service area.

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All eight facilities in this review are, or will be, located in Wake County. Thus, the service area for the facilities in this review is Wake County. Facilities may also serve residents of counties not included in their service area.

There are 1,509 existing and approved acute care beds in Wake County plus the 44 AC beds from the 2023 SMFP need determination and the 70 AC beds from the 2024 SMFP need determination which total 114 AC beds [44 + 70 = 114]. The Agency issued decisions regarding the AC beds for both the 2023 and 2024 Wake County AC beds need determinations. However, both of those decisions are currently under appeal so neither the 44 AC beds nor the 70 AC beds from the 2023 and 2024 SMFP need determinations will be allocated to any of the applicants until those appeals are resolved. There are eight hospital campuses (existing and/or approved) in the Wake County service area that are divided between three health systems. The hospital campuses with acute care beds allocations are listed in the following table.

2025 Wake Acute Care Bed Review

Project ID#'s: J-12671-25; J-12672-25; J-12673-25; J-12677-25; J-12680-25; J-12686-25; J-12689-25; J-12690-25

	Licensed Acute Care Beds	Adjustments for CONs/Previous Need Determinations	Total All Beds
Duke Raleigh Hospital	204	(-40)	164
Duke Cary Hospital*	0	40	40
<b>Total: Duke Health System</b>	<b>204</b>	<b>0</b>	<b>204</b>
UNC Rex Hospital	418	18	436
UNC Rex Holly Springs Hospital	50	0	50
<b>Total: UNC Rex Health System*</b>	<b>468</b>	<b>18</b>	<b>486</b>
WakeMed Raleigh Campus	539	0	539
WakeMed Raleigh Campus		(-22)	(-22)
Total: WakeMed Raleigh			517
WakeMed North Hospital	71	0	71
WakeMed Garner Hospital		31	31
WakeMed Cary Hospital	200	0	200
<b>Total: WakeMed Health System**</b>	<b>774</b>	<b>45</b>	<b>819</b>
			<b>1509</b>
2023 NEED DETERMINATION	0	44	44
2024 NEED DETERMINATION	0	70	70
<b>2023 &amp; 2024 NEED DETERMINATIONS</b>			<b>114</b>
<b>Total: Wake County Service Area Total with 2023 &amp; 2024 Need Determinations</b>	<b>1,446</b>	<b>177</b>	<b>1623</b>

Source: Table 5A, 2025 SMFP, pages 45, and project approval data.

\*DUHS was originally approved to develop a separately licensed acute care hospital, Duke Green Level Hospital (Project ID#J-12029-21), by relocating 40 AC beds from Duke Raleigh. The proposed hospital has been renamed Duke Cary Hospital. In addition, once developed, Duke Cary Hospital will operate as a hospital campus under the Duke Raleigh Hospital License and not as a separately licensed hospital.

\*\*UNC Rex Health System has two hospitals operating under the same license. UNC Rex Hospital was approved to develop 18 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12258-22).

\*\*\*WakeMed was approved to develop a new acute care hospital with 31 AC beds, WakeMed Garner Hospital, by relocating 22 AC beds from WakeMed Raleigh and developing 9 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12264-22).

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

The applicant proposes to develop 164 additional AC beds at WakeMed Raleigh pursuant to the need determination in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 138, the applicant states:

*“WakeMed expects that the proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate five acute care hospitals and four stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 139, the applicant states:

*“The proposed project involves a 298,010 square foot addition to the E wing of WakeMed Raleigh Campus. It is on the main campus of the hospital; parking and ancillary support departments are in place and operational. Construction and design will use existing vertical transportation (elevators and stairs). ...*

*Operational cost effectiveness will result from spreading existing administrative and ancillary department costs over more patient care days. Similarly, because it will not require new Medicare, Medicaid and other insurer provider numbers, the project will eliminate the cost of working capital associated with provider number delays.”*

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 139-140, the applicant states:

*“The proposed beds will automatically participate in all WakeMed quality programs and will be subject to third party oversight by N.C. Hospital Licensure, CMS Certification programs and Joint Commission accreditation.*

...

*In its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services. Most recently, WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health.”*

...

*The current WakeMed Quality Assurance and Performance Improvement Plan is included in Exhibit N.2, p9.”*

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, pages 1140-141, the applicant states:

*“The proposed project will automatically participate in all WakeMed programs aimed at improving access for medically underserved groups. It will be Certified for Medicare and Medicaid, accept Veterans Administration and TriCare military family coverage, participate in Medicaid managed care plans, and accept State Employees Health Plan payment. It has a robust financial assistance policy for uninsured persons and both donates to and accepts patients from free care clinics in Wake County.*

...

*The WakeMed system does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit C.6, p.17 for WakeMed's Non-Discrimination Statement and Exhibit C.6, p.30 for WakeMed's Financial Assistance Policy and Exhibit C.6, p. 44 for the Americans with Disabilities (ADA) Policy."*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 additional AC beds at WakeMed North pursuant to the need determination in the 2025 SMFP which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 135, the applicant states:

*“The proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate six acute care hospitals and four stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 136, the applicant states:

*“The project involves build-out of new construction that the Agency previously recommended for approval in 2023 and addresses the problem of a severe shortage of acute care inpatient bed capacity in Wake County and, in particular, within the WakeMed System by locating 25 additional beds in a facility that has ancillary and support infrastructure in place to support them. The proposed bed tower design and construction associated with Project No. J-12419-23 is efficient and allows for some future expansion. ... This proposed addition of 25 acute care beds will spread fixed infrastructure cost efficiently and reduce the unit cost of all services at WakeMed North. ... Because WakeMed North is the only acute care hospital north of the Interstate 540 Outer Loop, the additional 25 beds will mean savings on travel, transportation, and logistics costs for patients who might otherwise be referred to acute care beds in Raleigh or Cary, solely because of capacity constraints at WakeMed North.*

*The proposal is cost effective for the community, as well, because it will not require expansion of community water, sewers, or transportation infrastructure.”*

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 137, the applicant states:

*“The proposed beds will automatically participate in all WakeMed quality programs and will be subject to third party oversight by N.C. Hospital Licensure and CMS Certification programs.*

...

*In its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services. Most recently, WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health.”*

...

*The current WakeMed Quality Assurance and Performance Improvement Plan is included in Exhibit N.2, p9.”*

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 138, the applicant states:

*“WakeMed North is licensed as part of WakeMed Raleigh Campus. The facility participates in all WakeMed programs aimed at improving access for medically underserved groups. The 2025-2026 Lown Institute Hospitals Index, which ranks hospitals on social responsibility again gave WakeMed Raleigh Campus an Overall “A” grade across health equity, value of care, and patient outcomes.*

...

*The WakeMed system does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit C.6, p.17 for WakeMed’s Non-Discrimination Statement and Exhibit C.6, p.30 for WakeMed’s Financial Assistance Policy and Exhibit C.6, p. 44 for the Americans with Disabilities (ADA) Policy.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

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

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

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

The applicant proposes to develop 78 additional AC beds at WakeMed Garner pursuant to the need determination in the 2025 SMFP is a change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital).

Regarding the expected effects of the proposal on competition in the service area, in Section N, pages 131-132, the applicant states:

*“The proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate five acute care hospitals and four stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 132, the applicant states:

*“WakeMed Garner Hospital will offer a unique opportunity for WakeMed to contain healthcare costs and maximize healthcare benefit while also ensuring that patients have adequate, timely access to acute care and surgical services. The community hospital will be located adjacent to U.S. Highway 70 and a short distance from Interstate 40, allowing for convenient access to hospital-based services for Garner and surrounding community residents. Easier access to healthcare services may translate to lower healthcare costs for patients whose medical conditions are diagnosed earlier. Construction of the Garner Hospital will also significantly reduce the transportation burdens and costs associated with ambulance or other medical transport from the Garner Healthplex FSED to a WakeMed hospital facility.*

...

*Further, as the largest healthcare system based in Wake County, WakeMed benefits from more negotiating power for paid contracts and significant cost-savings via economies of scale. This allows WakeMed to pass along its savings by way of reduced charges to its patients. As part of the WakeMed System, WakeMed Garner Hospital and its patients will benefit from these cost-saving measures.”*

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 133-134, the applicant states:

*“The proposed beds will automatically participate in all WakeMed quality programs and will be subject to third party oversight by North Carolina DHHS, Hospital Licensure, CMS Certification and Joint Commission accreditation programs. ...*

*In its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services. WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health. ...*

*The current WakeMed Quality Assurance and Performance Improvement Plan is included in Exhibit N.2, p9.”*

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 134, the applicant states:

*“WakeMed Garner will be licensed as part of WakeMed Raleigh Campus. The facility will automatically participate in all WakeMed programs aimed at improving access for medically underserved groups. The 2025-2026 Lowndes Institute Hospitals Index, which ranks hospitals on social responsibility gave WakeMed Raleigh Campus an “A” grade across health equity, value of care, and patient outcomes. ...*

*The WakeMed system does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit C.6, p17 for WakeMed’s Non-Discrimination Statement and Exhibit C.6, p30 for WakeMed’s Financial Assistance Policy and Exhibit C.6, p44 for the Americans with Disabilities (ADA) Policy.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.

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

### **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

The applicant proposes to develop 106 new AC beds at UNC Rex Raleigh pursuant to the need determination in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 120, the applicant states:

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

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 120-121, the applicant states:

*“As discussed in Section C.4, UNC Health Rex has demonstrated an ability to efficiently provide acute care services which results in a lower cost of care for the service. UNC Health Rex also believes that the development of additional acute care beds at UNC Health Rex Hospital will ensure that patients of Wake County receive accessible, high-quality, and overall cost-effective resources in the most effective manner possible. As noted in Section K.3, the proposed project will be developed using UNC Health Rex's extensive experience developing healthcare services, which will allow it to be both effective as well as cost-efficient in its design and development. Moreover, as part of the UNC Health system, 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.”*

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 121, the applicant states:

*“Please see the response to Section B.20.c which includes, among other points, a discussion of the quality of services at UNC Health Rex. Please also see the previously referenced Exhibit B.20-3 for UNC Health Rex’s Quality Assurance Performance Improvement Plan.*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 121-122, the applicant states:

*“As discussed in the responses to Section B.20.b and Section C.6, 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 Exhibit C.6-1 and Exhibit C.6-2 for copies of UNC Health Rex’s Patient Registration and Admission Policy and Patient Rights and Responsibilities Policy, respectively, 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 will be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

## **Conclusion**

The Agency reviewed the:

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

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

### **Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds pursuant to the need determination in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 146, the applicant states:

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

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 147-148, the applicant states:

*“As discussed in Section C.4, UNC Health Rex has demonstrated an ability to efficiently provide acute care services which results in a lower cost of care for the service. While the development of the proposed project is capital intensive, UNC Health Rex nevertheless believes that the development of UNC Health Rex Wake Forest Hospital – in combination with its concurrent and complementary application to add additional acute care resources to UNC Health Rex Hospital in Raleigh – will ensure that patients of Wake and Franklin counties receive accessible, high-quality, and overall cost-effective resources in the most effective manner possible. As noted in Section K.3, the proposed project will be developed using UNC Health Rex’s extensive experience developing healthcare facilities, which will allow it to be both effective and cost-efficient in its design and development. Moreover, as part of the UNC Health system, 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.”*

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 147, the applicant states:

*“Please see the response to Section B.20.c which includes, among other points, a discussion of the quality of services at UNC Health Rex. Please also see the previously referenced*

*Exhibit B.20-3 for UNC Health Rex's Quality Assurance Performance Improvement Plan, which will also be utilized at UNC Health Rex Wake Forest Hospital."*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 147-148, the applicant states:

*"As discussed in the responses to Section B.20.b and Section C.6, 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 Exhibit C.6-1 and Exhibit C.6-2 for copies of UNC Health Rex's Patient Registration and Admission Policy and Patient Rights and Responsibilities Policy, respectively, 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." Please also see Exhibit B.20-1 for a copy of UNC Health Rex's Patient Financial Assistance and Hospital Medical Debt Mitigation Policy."*

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 will be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- Information publicly available during the review and used by the Agency

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

### **Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

The applicant proposes to develop a new acute care hospital in Knightdale with 26 new acute care beds pursuant to the need determination in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 123, the applicant states:

*“The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County because it will allow Novant Health to expand access to hospital services, to better meet the needs of service area residents.*

...

*Expanding acute care options in Wake County is essential to fostering a patient-centered healthcare system. Increased provider choices empower individuals to select healthcare services based on quality, convenience, specialized care, and personal preferences. ...*

*The proposed project will introduce a new access point for hospital services in Wake County, fostering greater competition while expanding patient choice. By enhancing cost-effectiveness, quality, and access, the project ensures that more Wake County residents can receive high-quality healthcare close to home.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 123-125, the applicant states:

*“NH Knightdale will be a community hospital designed to effectively and efficiently deliver high frequency services and will not need to duplicate and bear the cost of more specialized, high acuity tertiary services which are already available at hospitals in the area. Without these costs, NH Knightdale will deliver community hospital services at a lower cost. The hospital will be cost-effective for physicians performing surgical and non-surgical procedures and attending medical patients. They will not have to navigate a large, congested hospital and will be better able to schedule block time and avoid being bumped by unscheduled procedures. By having hospitalists, intensivists, and telemedicine access to specialists, Novant Health will increase the efficiency of on-site physicians and improve their ability to have continuity of care, which reduces the total cost of care.*

...

*This project will not increase the cost to patients or payors for the inpatient services provided by Novant Health because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that NH Knightdale will have the capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, pages 125-126, the applicant states:

*“Novant Health is committed to delivering high-quality care at all of its facilities. Novant Health has quality-related policies and procedures that will be applicable to NH Knightdale. NH Knightdale will participate in Novant Health’s Performance Improvement Philosophy. ...*

*NH Knightdale will also participate in the Clinical Improvement Plan, the Infection Prevention Plan, and the Risk Management Plan, and will work with the NH Clinical Improvement Department to facilitate the improvement of clinical performance across Novant Health. Please see Exhibit O.2 for quality-related policies and procedures. ...*

*NH Knightdale will seek accreditation by The Joint Commission.*

*NH Knightdale will adhere to medical staff credentialing policies and procedures to ensure credentialed staff are qualified to deliver care in their area of specialty. All clinical and technical staff are required to maintain appropriate and current licensure and continuing education.”*

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 126, the applicant states:

*“As previously stated, NH will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health’s financial assistance policy will apply to the proposed services.*

*Section L.3 includes payor mix projections that demonstrate Novant Health’s commitment to ensuring access for medically underserved patients at NH Knightdale.”*

See also Section L and C of the application and any exhibits.

However, the applicant does not adequately demonstrate the proposal would have a positive impact on cost-effectiveness because the applicant does not adequately demonstrate that:

- 1) The proposal is cost effective because the applicant did not adequately demonstrate: 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. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion based on all the reasons described above.

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

The applicant proposed to develop 120 additional acute care beds at Duke Cary pursuant to the need determination in the 2025 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 116, the applicant states:

*“DUHS currently operates the lowest complement of acute care beds by a health system in Wake County. Therefore, DUHS’s proposed project is an effective alternative regarding patient access and competition.*

*By creating additional capacity at a new geographic location, this project will increase patient choice for patients throughout the service area and beyond. The project will promote cost- effectiveness, quality, and access to services and therefore will promote competition in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 116, the applicant states:

*“This project will not affect the cost to patients or payors for the services provided by DRAH because reimbursement rates are set by the federal government and commercial insurers.*

*The capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, page 117, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 117, the applicant states:

*“DUHS will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. DUHS’s financial assistance policy will apply to the proposed services. By expanding acute care services to a growing population, it also makes them more accessible for patients with transportation challenges.”*

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 will be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

The applicant proposed to develop 101 additional acute care beds at Duke Raleigh pursuant to the need determination in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 113, the applicant states:

*“By ensuring sufficient capacity to meet demand for DRAH’s acute care inpatient services, this project will increase patient choice for patients throughout the service area and beyond. As set forth in Section C, current capacity constraints can lead to denials of transfer requests and operation on divert status. The project will promote cost- effectiveness, quality, and access to services and therefore will promote competition in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 113-114, the applicant states:

*“This project will not increase the cost to patients or payors for the inpatient services provided by DRAH because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, page 114, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 114, the applicant states:

*“DUHS will continue to have a policy to provide services to all patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care will be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

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

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

## **C All Applications**

**Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds**

In Section Q, Form O, page 216, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 143, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

### **Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds**

In Section Q, Form O, page 200, the applicant identifies two hospitals, with a total of 3 existing hospital campuses, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 141, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

### **Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds**

In Section Q, Form O, page 244, the applicant identifies two hospitals, with a total of 3 existing hospital campuses, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 138, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # J-12677-25/ UNC Rex Raleigh/ Develop 106 AC Beds**

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 15 existing facilities of this type located in North Carolina.

In Section O.4, page 124, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # J-12680-25/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC Beds**

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 15 existing facilities of this type located in North Carolina.

In Section O.4 and O.5, page 150, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # J-12686-25/ Novant Knightdale/ Develop a new hospital with 26 AC Beds**

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 17 existing facilities of this type located in North Carolina.

In Section O.5, page 130, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the

applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the 17 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

### **Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds**

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of thirteen existing facilities of this type located in North Carolina

In Section O.4 and O.5, page 120, the applicant states that, during the 18 months immediately preceding the submittal of the application, it is not aware of any reported quality care issues at DUHS licensed facilities. Furthermore, the applicant states that two Duke LifePoint hospitals “which are not operated directly by DUHS” had findings of immediate jeopardy. The two facilities were Maria Parham Hospital which was back in full compliance on September 17, 2024, and Wilson Medical Center which was back in full compliance on October 30, 2024. 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 was an incident of immediate jeopardy at Frye Regional Medical Center. Frye Regional Medical Center is a Duke LifePoint hospital. The survey was dated January 16, 2026, and the report has not yet been written. The matter is still pending. According to Acute and Home Care Licensure and Certification Section all other facilities are in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all DUH facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

### **Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds**

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of thirteen existing facilities of this type located in North Carolina

In Section O.4 and O.5, page 117, the applicant states that, during the 18 months immediately preceding the submittal of the application, it is not aware of any reported quality care issues at DUHS licensed facilities. Furthermore, the applicant states that two Duke LifePoint hospitals “which are not operated directly by DUHS” had findings of immediate jeopardy. The two facilities were Maria Parham Hospital which was back in full compliance on September 17, 2024, and Wilson Medical Center which was back in full compliance on October 30, 2024. 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 was an incident of immediate jeopardy at Frye Regional Medical Center. Frye Regional Medical Center is a Duke LifePoint hospital. The survey was dated January 16, 2026, and the report has not yet been written. The matter is still pending. According to Acute and Home Care Licensure and Certification Section all other facilities are in compliance. After reviewing and considering information provided by

the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all DUH facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

**C**  
**The Rest of the Applications**

**NC**  
**Novant Knightdale**

**SECTION .3800 - CRITERIA AND STANDARDS FOR ACUTE CARE HOSPITAL BEDS**  
are applicable to:

- Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds
- Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds
- Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds
- Project ID # J-12677-25/ UNC Raleigh/ Develop 106 AC Beds
- Project ID # J-12680-25/ UNC Wake Forest/ Develop 50 AC Beds
- Project ID # J-12686-25/ Novant Knightdale/ Develop 26 AC Beds
- Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds
- Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds

**SECTION .3800 - CRITERIA AND STANDARDS FOR ACUTE CARE**  
**HOSPITAL BEDS**

**10A NCAC 14C .3801 DEFINITIONS**

The following definitions shall apply to this Section:

- (1) "Applicant hospital" means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license.
- (2) "Approved beds" means acute care beds in a hospital that were issued a certificate of need but are not licensed as of the application deadline for the review period.
- (3) "Average daily census (ADC)" means the total number of acute care days of care provided during a full fiscal year of operation divided by 365 days.
- (4) "Existing beds" means acute care beds in a hospital that are licensed as of the application deadline for the review period.
- (5) "Hospital system" means all hospitals in the proposed service area owned or operated by the applicant or a related entity.
- (6) "Occupancy rate" means the ADC divided by the total number of existing, approved, and proposed acute care hospital beds expressed as a percentage.
- (7) "Proposed beds" means the acute care beds proposed to be developed in a

hospital in the application under review.

- (8) "Qualified applicant" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.
- (9) "Service area" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.

## 10 NCAC 14C .3803 PERFORMANCE STANDARDS

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

(1) *document that it is a qualified applicant;*

- C- **WakeMed Raleigh.** WakeMed Raleigh is an existing acute care hospital with existing acute care beds. In Section B, page 26, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **WakeMed North.** WakeMed North is an existing acute care hospital with existing acute care beds. In Section B, page 26, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **WakeMed Garner.** WakeMed Garner is an approved, but undeveloped, acute care hospital that will operate under the license of WakeMed Raleigh, an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **UNC Raleigh.** UNC Rex Raleigh is an existing acute care hospital with existing acute care beds. In Section B, page 26, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **UNC Wake Forest.** UNC Wake Forest is a proposed acute care hospital that will operate under the license of UNC Raleigh, an existing acute care hospital with existing acute care beds. In Section B, page 26, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **Novant Knightdale.** Novant Knightdale is a proposed acute care hospital. In Section B, pages 23-25, Form C.3b and Section Q, the applicant documents that it is a

qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

**-C- Duke Cary.** Duke Cary is an approved, but undeveloped, acute care hospital that will operate under the license of Duke Raleigh, an existing acute care hospital with existing acute care beds. In Section B, page 23, Exhibit C.4 and Section Q. the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

**-C- Duke Raleigh.** DRAH is an existing acute care hospital with existing acute care beds. In Section B, page 24, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

(2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*

Background: The Agency decisions regarding the 2023 and 2024 acute care bed need determinations are both under appeal, therefore, none of those acute care beds are included in the bed totals for any of the WakeMed, UNC or Duke applications.

**-C- WakeMed Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license. WakeMed Raleigh is one of three hospitals on the WakeMed Raleigh license. The three hospital campuses on the WakeMed Raleigh license are WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) hereinafter referred to as the WakeMed Raleigh License Hospitals. The WakeMed Raleigh License Hospitals are the applicant hospital.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	10/1/2032-9/30/2033 (FY33)
2 <sup>nd</sup>	Full FY:	10/1/2033-9/30/2034 (FY34)
3 <sup>rd</sup>	Full FY:	10/1/2034-9/30/2035 (FY35)

In Exhibit C.5, WakeMed System Acute Care Bed Utilization, pages 14-15, the applicant provides projected utilization for the applicant hospital (WakeMed Raleigh License Hospitals) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY33</b>	<b>FY34</b>	<b>FY35</b>
# of Patient Days	263,630	269,577	275,967

Source: Exhibit C.5, pages 14-15.

Therefore, the application is conforming with this Rule.

- C- **WakeMed North.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license. WakeMed North is one of three hospitals on the WakeMed Raleigh license. The three hospital campuses on the WakeMed Raleigh license are WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) hereinafter referred to as the WakeMed Raleigh License Hospitals. The WakeMed Raleigh License Hospitals are the applicant hospital.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	10/1/2029-9/30/2030 (FY30)
2 <sup>nd</sup>	Full FY:	10/1/2030-9/30/2031 (FY31)
3 <sup>rd</sup>	Full FY:	10/1/2031-9/30/2032 (FY32)

In Exhibit C.5, pages 14-15, the applicant provides projected utilization for the applicant hospital (WakeMed Raleigh License Hospitals) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY30</b>	<b>FY31</b>	<b>FY32</b>
# of Patient Days	246,699	252,197	257,838

Source: Exhibit C.5, pages 14-15.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Garner.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license. WakeMed Garner is one of three hospitals on the WakeMed Raleigh license. The three hospital campuses on the WakeMed Raleigh license are WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) hereinafter referred to as the WakeMed Raleigh License Hospitals. The WakeMed Raleigh License Hospitals are the applicant hospital.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	10/1/2028-9/30/2029 (FY29)
2 <sup>nd</sup>	Full FY:	10/1/2029-9/30/2030 (FY30)
3 <sup>rd</sup>	Full FY:	10/1/2030-9/30/2031 (FY31)

In Exhibit C.5, pages 14-15, the applicant provides projected utilization for the applicant hospital (WakeMed Raleigh License Hospitals) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Garner: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY29	FY30	FY31
# of Patient Days	241,970	246,999	252,197

Source: Exhibit C.5, pages 14-15.

Therefore, the application is conforming with this Rule.

- C- **UNC Rex Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. There are two hospital campuses on the UNC Rex license: UNC Rex Hospital and UNC Rex Holly Springs Hospital hereinafter referred to as UNC Rex licensed hospitals. Therefore, the applicant hospital is comprised of the UNC Rex licensed hospitals.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	7/1/2031-6/30/2032 (FY32)
2 <sup>nd</sup>	Full FY:	7/1/2032-6/30/2033 (FY33)
3 <sup>rd</sup>	Full FY:	7/1/2033-6/30/2034 (FY34)

In the table on page 136 of Section Q, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	FY32	FY33	FY34
# of Patient Days*	212,764	223,423	<b>234,617</b>

Source: Table on page 136 in Section Q. Note:

- C- **UNC Rex Wake Forest.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. UNC Rex

Wake Forest is a proposed new acute care hospital that, if approved, would operate under the license of UNC Rex Raleigh. There are three hospital campuses (2 existing and 1 proposed) on the UNC Rex Raleigh license: UNC Rex Hospital (existing), UNC Rex Holly Springs Hospital (existing) and UNC Rex Wake Forest (proposed) hereinafter referred to as UNC Rex licensed hospitals. Therefore, the applicant hospital is comprised of the UNC Rex licensed hospitals.

The first three full years of operation following completion of the project are:

1<sup>st</sup> Full FY: 7/1/2031-6/30/2032 (FY32)  
 2<sup>nd</sup> Full FY: 7/1/2032-6/30/2033 (FY33)  
 3<sup>rd</sup> Full FY: 7/1/2033-6/30/2034 (FY34)

In Section Q, Form C.1b-*UNC Health Rex License*, page 155, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY32	FY33	FY34
# of Patient Days	213,707	224,869	236,588

Source: Section Q, Form C.1b-*UNC Health Rex License*, page 155.

Therefore, the application is conforming with this Rule.

**-NC- Novant Knightdale.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. Novant Knightdale is a proposed new acute care hospital. If approved, Novant Knightdale would be the only hospital on the license. Therefore, the applicant hospital is comprised of the proposed Novant Knightdale hospital.

The first three full years of operation following completion of the project are:

1<sup>st</sup> Full FY: CY 2030 (FY30)  
 2<sup>nd</sup> Full FY: CY 2031 (FY31)  
 3<sup>rd</sup> Full FY: CY 2032 (FY32)

In Section Q, Form C.1b, page 133, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Novant Knightdale Projected Utilization for AC Beds\***

	<b>1<sup>st</sup> FFY CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> FFY CY2032</b>
# of Patient Days	3,939	5,475	7,094

Source: Form C.1b, page 133.

\*Existing, approved, and proposed acute care beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

- C- **Duke Cary.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. There are two hospital campuses (1 existing and 1 approved but undeveloped) on the DRAH license: Duke Raleigh (existing) and Duke Cary (approved but undeveloped) are hereinafter referred to as the Duke Raleigh licensed hospitals. Therefore, the applicant hospital is comprised of the Duke Raleigh licensed hospitals.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	7/1/2031-6/30/2032	(FY32)
2 <sup>nd</sup>	Full FY:	7/1/2032-6/30/2033	(FY33)
3 <sup>rd</sup>	Full FY:	7/1/2033-6/30/2034	(FY34)

In Section Q, Form C.1b, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY32</b>	<b>FY33</b>	<b>FY34</b>
# of Patient Days	123,839	128,926	134,253

Source: Section Q, Form C.1b.

- C- **Duke Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license There are two hospital campuses (1 existing and 1 approved but undeveloped) on the DRAH license: Duke Raleigh (existing), Duke Cary (approved but undeveloped) are hereinafter referred to as the Duke Raleigh licensed hospitals. Therefore, the applicant hospital is comprised of the Duke Raleigh licensed hospitals.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	7/1/2029-6/30/2030	(FY30)
2 <sup>nd</sup>	Full FY:	7/1/2030-6/30/2031	(FY31)
3 <sup>rd</sup>	Full FY:	7/1/2031-6/30/2032	(FY32)

In Section Q, Form C.1b, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY30	FY31	FY32
# of Patient Days	100,888	112,019	123,839

Source: Section Q, Form C.1b.

Therefore, the application is conforming with this Rule.

- (3) *project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*

**-C- WakeMed Raleigh.** The applicant hospital is the WakeMed Raleigh License Hospitals.

In Exhibit C.5, pages 14-15, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Raleigh License Hospitals) during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Occupancy Rate**

	3 <sup>rd</sup> FFY FY2035
# of AC beds*	783
# of Patient Days**	275,967
ADC [Patient Days/365]	756.07
Projected Occupancy Rate [ADC/Beds]	96.56%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 14-15.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Raleigh License Hospital: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
WakeMed North	71	0	0	71
WakeMed Raleigh	517*	0	164	681
WakeMed Garner	22*	9	0	31
Total AC Beds	610	9		<b>783</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.] WakeMed Garner’s projected first full project year after completion of the project is FY2029. The first year of this proposed project is FY2033.

**Table #2: WakeMed Raleigh License Hospitals: Projected Patient Days**

	FY2035
	Patient Days
WakeMed Raleigh*	201,624
WakeMed North**	44,912
WakeMed Garner**	29,431
Total Patient Days (the Applicant Hospital)	275,967

\*Source: Form C.1b, page 148, and Exhibit C.5, pages 14-15.

\*\* See Exhibit C.5, pages 14-15.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed Raleigh project of 96.56% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- WakeMed North.** The applicant hospital is the WakeMed Raleigh License Hospitals.

In Exhibit C.5, pages 14-15, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Raleigh License Hospitals) during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2032</b>
# of Acute Care Beds*	644
# of Patient Days**	257,838
ADC [Patient Days/365]	706.41
Projected Occupancy Rate [ADC/Beds]	109.7%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 14-15.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Raleigh License Hospital: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed North	71	0	25	96
WakeMed Raleigh	517*	0	0	517
WakeMed Garner	22	9	0	31
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>	<b>25</b>	<b>644</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.] WakeMed Garner’s projected first full project year after completion of the project is FY2029. The first year of this proposed project is FY2030.

**Table #2: WakeMed Raleigh License Hospitals: Projected Patient Days**

	<b>FY2032 Patient Days</b>
WakeMed North*	41,815
WakeMed Raleigh**	188,627
WakeMed Garner**	27,396
<b>Total Patient Days (the Applicant Hospital)</b>	<b>257,838</b>

\*Source: Form C.1b, page 146, and Exhibit C.5, pages 14-15.

\*\* See Exhibit C.5, pages 14-15.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed North project of 109.7% which exceeds the target occupancy percentage 78.0%. Therefore, the application is conforming with this Rule.

**-C- WakeMed Garner.** The applicant hospital is the WakeMed Raleigh License Hospitals.

In Exhibit C.5, pages 14-15, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Raleigh License Hospitals) during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of Acute Care Beds*	697
# of Patient Days**	252,197
ADC [Patient Days/365]	690.95
Projected Occupancy Rate [ADC/Beds]	99.13%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 14-15.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Raleigh License Hospital: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed North	71	0	0	71
WakeMed Raleigh	517*	0	0	517
WakeMed Garner	22	9	78	109
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>	<b>78</b>	<b>697</b>

\*\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.] WakeMed Garner's projected first full project year after completion of the project is FY2029.

**Table #2: WakeMed Raleigh License Hospitals: Projected Patient Days**

	<b>FY2031 Patient Days</b>
WakeMed North*	40,839
WakeMed Raleigh**	184,598
WakeMed Garner**	26,760
<b>Total Patient Days (the Applicant Hospital)</b>	<b>252,197</b>

\*Source: Form C.1b, and Exhibit C.5, pages 14-15.

\*\* See Exhibit C.5, pages 14-15.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed Garner project of 99.13% which exceeds the target occupancy percentage 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Raleigh.** The applicant hospital is the UNC Rex License Hospitals.

In Section Q, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2034</b>
# of AC beds*	592
# of Patient Days**	234,617
ADC [Patient Days/365]	642.79
Projected Occupancy Rate [ADC/Beds]	108.6%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	106	542
UNC Rex Holly Springs	50	0	0	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>106</b>	<b>592</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed. Note:

**Table #2: UNC Rex License Hospitals: Projected Patient Days**

	<b>FY2034 Patient Days</b>
UNC-Raleigh	216,816
UNC- Holly Springs	17,801
<b>Total Patient Days (the Applicant Hospital)</b>	<b>234,617</b>

Source: Table on page 136 of Section Q.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the UNC Rex Raleigh project of 108.6% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Wake Forest.** The applicant hospital is the UNC Rex License Hospitals.

In Section Q, Form C.1b *UNC Health Rex License*, page 155, the applicant provides the projected occupancy rate for the UNC Hospital System during the third full fiscal

year of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Occupancy Rate**

	3rd FFY FY2034
# of AC beds*	536
# of Patient Days	236,588
ADC [Patient Days/365]	648.19
Projected Occupancy Rate [ADC/Beds]	120.9%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Section Q, Form C.1b *UNC Health Rex License*, page 155.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex License Hospitals: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
UNC Rex Raleigh	418	18*	0	436
UNC Rex Holly Springs	50	0	0	50
UNC Rex Wake Forest	0	0	50	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>50</b>	<b>536</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex License Hospitals: Projected Patient Days**

	FY2034
	Patient Days
UNC Rex Raleigh*	205,643
UNC Rex Holly Springs*	17,801
UNC Rex Wake Forest***	13,145
<b>Total Patient Days (the Applicant Hospital)</b>	<b>236,588</b>

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology, page 174.

\*See Form C Utilization-Assumptions and Methodology Table 1-15.

\*\*\*See Form C.1b for UNC Health Rex Wake Forest Hospital.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the UNC Rex Wake Forest project of 120.9% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-NC- Novant Knightdale.** The applicant hospital is solely comprised of the proposed Novant Knightdale hospital.

In Section Q, Form C.1b, page 133, the applicant projects an occupancy rate of the existing, approved and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage set forth in 10A NCAC 14C .3801(10) as shown in the table below.

In Section Q, Form C.1b, page 133, the applicant provides projected utilization for

**Novant Knightdale Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY CY 2032</b>
# of AC beds*	26
# of Patient Days	7,094
ADC [Patient Days/365]	19.44
Projected Occupancy Rate [ADC/Beds]	74.77%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	66.7%

Source: Form C.1b, page 133.

\*Existing, approved, and proposed AC beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- Duke Cary.** The Duke Raleigh License Hospitals are the applicant hospital.

In Section Q, Form C.1b, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2034</b>
# of AC beds*	324
# of Patient Days**	134,253
ADC [Patient Days/365]	367.82
Projected Occupancy Rate [ADC/Beds]	113.5%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Raleigh License Hospitals: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	120	160
Total AC Beds	164	40	120	<b>324</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Raleigh License Hospitals: Projected Patient Days**

	FY2034
	Patient Days
Duke Raleigh	89,250
Duke Cary	45,003
Total Patient Days (the Applicant Hospital)	134,253

Source: Section Q, Form C.1b.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the Duke Cary project of 113.5% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

**-C- Duke Raleigh.** The Duke Raleigh License Hospitals are the applicant hospital.

In Section Q, Form C.1b, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	3 <sup>rd</sup> FFY FY2032
# of AC beds*	305
# of Patient Days**	123,839
ADC [Patient Days/365]	339.28
Projected Occupancy Rate [ADC/Beds]	111.24%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Raleigh License Hospitals: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
Duke Raleigh*	164	0	101	265
Duke Cary*	0	40	0	40
Total AC Beds	164	40	101	<b>305</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Raleigh License Hospitals: Projected Patient Days**

	FY2032
	Patient Days
Duke Raleigh	81,967
Duke Cary	41,872
Total Patient Days (the Applicant Hospital)	123,839

Source: Source: Section Q, Form C.1b.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the Duke Raleigh project of 111.24% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

- (4) *provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*

**-C- WakeMed Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) and WakeMed Cary (operates under a separate license). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, page 15, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>FY33</b>	<b>FY34</b>	<b>FY35</b>
# of Patient Days	337,999	345,974	354,471

Source: Exhibit C.5, page 15.

Therefore, the application is conforming with this Rule.

- C- **WakeMed North.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) and WakeMed Cary (operates under a separate license). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, pages 14-15, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>FY30</b>	<b>FY31</b>	<b>FY32</b>
# of Patient Days (Utilization)	315,291	322,656	330,224

Source: Exhibit C.5, pages 14-15.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Garner.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Cary, WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, pages 14-15, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>
# of Patient Days	308,746	315,291	322,656

Source: Exhibit C.5, pages 14-15.

Therefore, the application is conforming with this Rule.

- C- **UNC Rex Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is Rex Inc. The proposed service area is Wake County. Rex Inc. owns or operates two hospitals in Wake County: UNC Rex Hospital and UNC Rex Holly Springs Hospital which are both under the same license. The hospital system is also referred to as the UNC Hospital System.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	7/1/2031-6/30/2032	(FY32)
2 <sup>nd</sup>	Full FY:	7/1/2032-6/30/2033	(FY33)
3 <sup>rd</sup>	Full FY:	7/1/2033-6/30/2034	(FY34)

In the table on page 136 of Section Q, the applicant provides projected utilization for the UNC Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY32</b>	<b>FY33</b>	<b>FY34</b>
# of Patient Days*	212,764	223,423	234,617

Source: Table on page 136 in Section Q.

- C- **UNC Rex Wake Forest.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is Rex Inc. The proposed service area is Wake County. Rex Inc. owns or operates two hospitals in Wake County: UNC Rex Hospital (existing) and UNC Rex Holly Springs Hospital (existing) which are both under, or proposed to be under, the same license. The hospital system is also referred to as the UNC Hospital System.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides projected utilization for the UNC Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3<sup>rd</sup> FY</b>
	<b>FY32</b>	<b>FY33</b>	<b>FY34</b>
# of Patient Days	213,707	234,869	236,588

Source: Section Q, Form C.1b *UNC Health Rex License*, page 155.

Therefore, the application is conforming with this Rule.

- NC- **Novant Knightdale.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The proposed service area is Wake County. The applicant is Novant. The hospital system is the Novant Hospital System. Neither the applicant nor any related entity own or operate a hospital in Wake County. Thus, the Novant Hospital System consists solely of the proposed Novant Knightdale acute care hospital.

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	CY2030	(FY30)
2 <sup>nd</sup>	Full FY:	CY2031	(FY31)
3 <sup>rd</sup>	Full FY:	CY2032	(FY32)

In Section Q, Form C.1b, page 133, the applicant provides projected utilization for the Novant Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Novant Hospital System: Projected Utilization for AC Beds\***

	<b>1<sup>st</sup> FFY</b>	<b>2<sup>nd</sup> FFY</b>	<b>3<sup>rd</sup> FFY</b>
	<b>CY2030</b>	<b>CY2031</b>	<b>CY2032</b>
# of Patient Days	3,939	5,475	7,094

Source: Form C.1b, page 133.

\*Existing, approved, and proposed acute care beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

- C- **Duke Cary.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is DUHS. The hospital system is also referred to as the Duke Hospital System. The proposed service area is Wake County. DUHS owns or operates two hospitals in Wake County: Duke Raleigh (existing) and Duke Cary (approved but not developed).

The first three full years of operation following completion of the project are:

1 <sup>st</sup>	Full FY:	7/1/2031-6/30/2032	(FY32)
2 <sup>nd</sup>	Full FY:	7/1/2032-6/30/2033	(FY33)
3 <sup>rd</sup>	Full FY:	7/1/2033-6/30/2034	(FY34)

In Section Q, Form C.1b, the applicant provides projected utilization for the Duke Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY32	FY33	FY34
# of Patient Days	123,839	128,926	134,253

Source: Section Q, Form C.1b.

- C- **Duke Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is DUHS. The hospital system is also referred to as the Duke Hospital System. The proposed service area is Wake County. DUHS owns or operates two hospitals in Wake County: Duke Raleigh (existing) and Duke Cary (approved but not developed).

In Section Q, Form C.1b, the applicant provides projected utilization for the Duke Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY30	FY31	FY32
# of Patient Days	100,888	112,019	123,839

Source: Section Q, Form C.1b.

Therefore, the application is conforming with this Rule.

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

- C- **WakeMed Raleigh.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 14-15, the applicant provides projected average occupancy rate for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2035</b>
# of AC beds*	983
# of Patient Days**	354,471
ADC [Patient Days/365]	971.15
Projected Occupancy Rate [ADC/Beds]	98.79%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	0	200
WakeMed North	71	0	0	71
WakeMed Raleigh	517*	0	164	681
WakeMed Garner	22*	9	0	31
<b>Total AC Beds</b>	<b>810</b>	<b>9</b>	<b>164</b>	<b>983</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.] WakeMed Garner is projected to be operational as of FY2029.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>3<sup>rd</sup>FY FY35</b>
WakeMed Cary	78,504
WM- North	44,912
WM-Raleigh	201,624
WM-Garner	29,431
<b>Total: Hospital System</b>	<b>354,471</b>

Source: Exhibit C.5, pages 14-15.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed Raleigh project of 98.79% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

- C- **WakeMed North.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 14-15, the applicant provides projected average occupancy rate for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY32</b>
# of AC beds*	844
# of Patient Days**	330,224
ADC [Patient Days/365]	904.72
Projected Occupancy Rate [ADC/Beds]	107.2%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 14-15.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	0	200
WakeMed North	71	0	25	96
WakeMed Raleigh	517*	0	0	517
WakeMed Garner	22	9	31	31
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>	<b>25</b>	<b>844</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.] WakeMed Garner is projected to be operational as of FY2029.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>FY2032 Patient Days</b>
WakeMed Cary	72,386
WakeMed North	41,815
WakeMed Raleigh	188,627
WakeMed Garner	27,396
<b>Total Patient Days (the Applicant Hospital)</b>	<b>330,224</b>

\*Source: See Exhibit C.5, pages 14-15.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed North project of 107.2% which exceeds the target occupancy percentage 78.0%. Therefore, the application is conforming with this Rule.

- C- **WakeMed Garner.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 14-15, the applicant provides projected average occupancy rate for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of AC beds*	897
# of Patient Days	322,656
ADC [Patient Days/365]	883.99
Projected Occupancy Rate [ADC/Beds]	98.55%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5. pages 14-15.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	0	200
WakeMed North	71	0	0	71
WakeMed Raleigh	517*	0	0	517
WakeMed Garner	22	9	78	109
<b>Total AC Beds</b>	<b>810</b>	<b>9</b>	<b>78</b>	<b>897</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>3<sup>rd</sup>FY FY31</b>
WakeMed Cary	70,459
WakeMed North	40,839
WakeMed Raleigh	184,598
WakeMed Garner	26,760
<b>Total: WakeMed Hospital System</b>	<b>322,656</b>

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the WakeMed Garner project of 98.55% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

- C- **UNC Rex Raleigh.** The hospital system is the UNC Hospital System. Since all the hospitals in the UNC Rex Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, the applicant provides the projected occupancy rate for the applicant hospital during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2034</b>
# of AC beds*	592
# of Patient Days**	234,617
ADC [Patient Days/365]	642.79
Projected Occupancy Rate [ADC/Beds]	108.6%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	106	542
UNC Rex Holly Springs	50	0	0	50
Total AC Beds	468	18	106	<b>592</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed. Note: The Agency decisions regarding the 2023 and 2024 acute care bed need determinations are both under appeal, therefore, none of those acute care beds are included in the bed totals for any of the WakeMed, UNC or Duke applications.

**Table #2: UNC Rex License Hospitals: Projected Patient Days**

	<b>FY2034 Patient Days</b>
UNC-Raleigh	216,816
UNC- Holly Springs	17,801
Total Patient Days (the Applicant Hospital)	234,617

Source: Table on page 136 of Section Q.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the UNC Rex Raleigh project of 108.6% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

- C- **UNC Rex Wake Forest.** The hospital system is the UNC Rex Hospital System. Since all the hospitals in the UNC Rex Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b *UNC Health Rex License*, page 155, the applicant provides the projected occupancy rate for the UNC Hospital System during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2034</b>
# of AC beds*	536
# of Patient Days	236,588
ADC [Patient Days/365]	648.19
Projected Occupancy Rate [ADC/Beds]	120.9%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Section Q, Form C.1b *UNC Health Rex License*, page 155.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	0	436
UNC Rex Holly Springs	50	0	0	50
UNC Rex Wake Forest	0	0	50	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>50</b>	<b>536</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex Hospital System: Projected Patient Days**

	<b>FY2034 Patient Days</b>
UNC Rex Raleigh*	205,643
UNC Rex Holly Springs*	17,801
UNC Rex Wake Forest***	13,145
<b>Total Patient Days (the Applicant Hospital)</b>	<b>236,588</b>

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology, page 174.

\*See Form C Utilization-Assumptions and Methodology Table 1-15.

\*\*\*See Form C.1b for UNC Health Rex Wake Forest Hospital.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the UNC Rex hospital system during the

third full fiscal year of operation following completion of the UNC Rex Wake Forest project of 120.9% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-NC- Novant Knightdale.** The hospital system is the Novant Hospital System which is comprised solely of the proposed Novant Knightdale Hospital.

In Section Q, Form C.1b, page 133, the applicant projects an occupancy rate of the existing, approved and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage as shown in the table below.

In Section Q, Form C.1b, page 133, the applicant provides projected utilization for

**Novant Knightdale Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY CY 2032</b>
# of AC beds*	26
# of Patient Days	7,094
ADC [Patient Days/365]	19.44
Projected Occupancy Rate [ADC/Beds]	74.77%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	66.7%

Source: Form C.1b, page 133.

\*Existing, approved, and proposed AC beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- Duke Cary.** The hospital system is the Duke Hospital System. Since all the hospitals in the Duke Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b, the applicant provides the projected occupancy rate for the Duke Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2034</b>
# of AC beds*	324
# of Patient Days**	134,253
ADC [Patient Days/365]	367.82
Projected Occupancy Rate [ADC/Beds]	113.5%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	120	160
Total AC Beds	164	40	120	<b>324</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Hospital System: Projected Patient Days**

	<b>FY2034 Patient Days</b>
Duke Raleigh	89,250
Duke Cary	45,003
Total Patient Days (the Applicant Hospital)	134,253

Source: Section Q, Form C.1b.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the Duke Cary project of 113.5% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

- C- **Duke Raleigh.** The hospital system is the Duke Hospital System. Since all the hospitals in the Duke Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b, the applicant provides the projected occupancy rate for the Duke Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2032</b>
# of AC beds*	305
# of Patient Days**	123,839
ADC [Patient Days/365]	339.28
Projected Occupancy Rate [ADC/Beds]	111.24%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	101	265
Duke Cary*	0	40	0	40
Total AC Beds	164	40	101	<b>305</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Hospital System: Projected Patient Days**

	<b>FY2032 Patient Days</b>
Duke Raleigh	81,967
Duke Cary	41,872
Total Patient Days (the Applicant Hospital)	123,839

Source: Source: Section Q, Form C.1b.

As shown in the table above, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the Duke Raleigh project of 111.24% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

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

- C- **WakeMed Raleigh.** In Section Q, Form C.1.a, Form C.1b and Section Q: WakeMed Raleigh Need and Utilization Methodology, pages 153-193, Exhibits C.5, and Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-12672-25 (develop 25 AC beds at WakeMed North) and Project ID# J-12673-25-24 (develop 78 AC beds at WakeMed Garner) the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **WakeMed North.** In Section Q, Form C.1.a, Form C.1b and Section Q; WakeMed North Need and Utilization Methodology, pages 147-177, Exhibit C.5, and Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-12673-25 (develop 78 AC beds at WakeMed Garner) and Project ID# J-12671-25 (develop 164 AC beds at WakeMed Raleigh), the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **WakeMed Garner.** In Section Q, Form C.1.a, Form C.1b and Section Q; WakeMed Garner Need and Utilization Methodology, pages 147-230, Exhibit C.5, Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-12672-25 (develop 25 AC beds at WakeMed North) and Project ID# J-12671-25 (develop 164 AC beds at WakeMed Raleigh) the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **UNC Rex Raleigh.** In Section Q, Form C.1a, Form C.1b and Form C Utilization-Assumptions and Methodology, pages 132-148, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments,

responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **UNC Rex Wake Forest.** In Section Q, Form C.1a, Form C.1b, Form C.2a, Form C.2b, Form C.3b, Form 4b and Form C Utilization-Assumptions and Methodology, pages 161-196, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- NC- **Novant Knightdale.** In Section Q, Form C.1b and Form C.1b Assumptions and Methodology, pages 137-159, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

However, projected utilization is not reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

- C- **Duke Cary.** In Section Q, pages 123-131, Form C.1a, Form C.1b, Form C.4b, Form D.1 and Assumptions and Methodology, pages 132-167, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **Duke Raleigh.** In Section Q, pages 121-125, Form C.1a, Form C.1b and Assumptions and Methodology pages 126-154, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

## COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2025 SMFP, no more than 267 AC Beds may be approved for the Wake County service area in this review. Because eight applications in this review collectively propose to develop 670 additional AC beds, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each AC bed project included in this review.

- Project ID #J-12671-25/ WakeMed Raleigh/ Develop 164 AC Beds
- Project ID #J-12672-25/ WakeMed North/ Develop 25 AC Beds
- Project ID #J-12673-25/ WakeMed Garner/ Develop 78 AC Beds
- Project ID # J-12677-25/ UNC Raleigh/ Develop 106 AC Beds
- Project ID # J-12680-25/ UNC Wake Forest/ Develop 50 AC Beds
- Project ID # J-12686-25/ Novant Knightdale/ Develop 26 AC Beds
- Project ID # J-12689-25/ Duke Cary/ Develop 120 AC Beds
- Project ID # J-12690-25/ Duke Raleigh/ Develop 101 AC Beds

Because of the significant differences in types of facilities, numbers of total acute care beds, numbers of projected acute care days and discharges, levels of patient acuity which can be served, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparative factors may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size proposing like services and reporting in like formats.

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) regarding specific comparative analysis factors is determined in part by whether the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

### **Conformity with Statutory and Regulatory Review Criteria**

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

The application for Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria and therefore is not approvable.

The applications for WakeMed Raleigh, WakeMed North, WakeMed Garner, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Cary and Duke Raleigh are conforming with all applicable statutory and regulatory review criteria and therefore are all equally effective.

### **Scope of Services**

Generally, the application offering the greater scope of services is the more effective alternative with regard to this comparative factor.

WakeMed Raleigh and UNC Rex Raleigh are the only tertiary care hospitals in Wake County. However, WakeMed Raleigh is also a Level 1 trauma center and UNC Rex Raleigh is not. Therefore, WakeMed Raleigh is most effective alternative. UNC Rex Raleigh is the more effective alternative.

WakeMed North, WakeMed Garner, UNC Rex Wake Forest, Duke Cary and Duke Raleigh are community hospitals of various sizes in terms of the number of AC beds (existing, approved or proposed) and thus less effective alternatives as compared to WakeMed Raleigh and UNC Rex Raleigh. Novant Knightdale (the least amount of AC beds) is the least effective alternative.

### **Geographic Accessibility (Location within the Service Area)**

If an applicant proposes to locate the health service/asset in a facility or location where there is already that health service/asset, then the proposal offers no greater geographic accessibility. If an applicant proposes to locate the health service/asset in a facility or location where there is not currently any of those health services/assets, then, generally, it is a more effective alternative. If all applicants are proposing to locate their health service/asset in facilities or locations that already operate those services, then they are equally effective because residents have the same geographic access they had previously.

There are eight applications proposing to develop new AC beds in existing, approved but undeveloped or new locations. The following table illustrates where the existing and proposed acute care beds are or are proposed to be located within Wake County.

Hospitals	Total Beds*	Beds proposed	Address	Location within Wake County	Existing	New
	A	B	C	D	E	F
Duke Cary**	40	120	Cary	Western	Approved	
UNC Rex Holly Springs	50	0	Holly Springs	Western	Existing	
WakeMed Cary	200	0	Cary	Central/West	Existing	
Duke Raleigh**	164	101	Raleigh	Central	Existing	
UNC Rex Raleigh	436	106	Raleigh	Central	Existing	
WakeMed Raleigh	517	164	Raleigh	Central	Existing	
WakeMed North	71	25	North Raleigh	Central/North	Existing	
UNC Rex Wake Forest	0	50	Wake Forest	Central/ North		New
WakeMed Garner***	31	78	Garner	South/Southeast	Approved	
Novant Knightdale	0	26	Knightdale	Central/East		New
<b>Total</b>	<b>1,509</b>	<b>670</b>				

Note: The 2025 SMFP has a need determination for 267 AC beds in Wake County.

\*All acute care beds both existing and approved.

\*\*Duke Raleigh currently has 204 licensed AC beds however 40 AC beds are approved to be transferred to Duke Cary.

\*\*\*WakeMed Garner is approved for a 31 AC Bed hospital with 22 AC beds being transferred from WakeMed Raleigh and 9 new AC beds

Note: The Agency decisions regarding the 44 acute care beds from the 2023 SMFP need determination and the 70 acute care beds from the 2024 SMFP are all currently under appeal. These 114 AC beds (44 + 70) are not existing, approved or proposed as defined by the Acute Care Bed Rules. Therefore, the 44 acute care beds from the 2023 SMFP and the 70 acute care beds from the 2024 SMFP are not included in any of the acute care bed totals in Column A.

With regard to this comparative factor between the two applications proposing to develop acute care beds in new locations:

- Novant Knightdale, which is proposed to be located in the Central/East area of Wake County that currently has no acute care beds and, in a town, Knightdale, with no existing acute care beds, is the most effective alternative.
- UNC Rex Wake Forest, which is proposed to be located in the Central/North area of Wake County that currently has 71 acute care beds and, in a town, Wake Forest, with no existing acute care beds, is the more effective alternative.

The applications of WakeMed Raleigh, WakeMed North, WakeMed Garner, UNC Rex Raleigh, Duke Cary and Duke Raleigh applications all propose to locate acute care beds in a facility at a location which either currently offers acute care beds or is approved to offer acute care beds, therefore they are all least effective alternatives.

**Competition (Access to a New or Alternate Provider)**

Generally, the introduction of a new provider in the service area would be the more effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

This comparative factor is evaluated by health system. As illustrated in the table below, there are four health systems, with a combined total of eight applications, that are part of this acute care bed review.

<b>Health Systems</b>	<b>Applications in this Review</b>	<b>System currently provides acute care bed services in Wake County</b>
<b>Novant</b>	Novant Knightdale	No
<b>WakeMed</b>	WakeMed North, WakeMed Garner & WakeMed Raleigh	Yes
<b>UNC</b>	UNC Rex Raleigh & UNC Rex Wake Forest	Yes
<b>Duke</b>	Duke Raleigh & Duke Cary	Yes

Novant Health System, via the Novant Knightdale application, would qualify as a new provider in the Wake County service area. Therefore, regarding this comparative factor, the application submitted by Novant Knightdale is the most effective alternative.

All of the remaining health systems are existing providers of acute care bed services in Wake County.

As of the date of this decision, there are 1,509 existing and approved acute care beds in the Wake County service area allocated between three health systems: WakeMed, UNC and Duke. As stated above, the Novant Health System does not currently provide acute care bed services in Wake County.

**Current Acute Care Bed Allocation in Wake County [NOT INCLUDING NICU BEDS]**

<b>Hospital System</b>	<b># of existing and approved beds</b>	<b>% of total acute care beds</b>
WakeMed	819	54.27%
UNC	486	32.21%
Duke	204	13.52%
<b>Total</b>	<b>1,509</b>	<b>100.00%</b>

Source: 2025 SMFP, Table 5A Acute Care Bed Need Projections, page 45.

**Acute Care Beds- Allocation**

Column	A	B	C	D	E
System	# of existing and approved beds*	# of beds proposed	# of beds if applications approved	Projected % of total beds	Current % of total beds
WakeMed	819	267	1,086	61.15%	54.27%
UNC	486	156	642	36.15%	32.21%
Duke	204	221	425	23.93%	13.52%
<b>Total</b>	1,509	267 [Need Determination]	1,776 [1,509 + 267]	100.00%	100.00%

\*The Agency decisions regarding the 44 AC beds in the 2023 SMFP and the 70 AC beds in the 2024 SMFP are currently under appeal and thus are not included in these AC bed totals.

Therefore, the application of Novant Knightdale is the most effective alternative for this comparative factor. The applications for the Duke Health System [Duke Cary and Duke Raleigh] are the more effective alternatives; the applications for the UNC Health System [UNC Rex Raleigh and UNC Rex Wake Forest] are the less effective alternatives; and the applications for the WakeMed Health System [WakeMed Raleigh, WakeMed North and WakeMed Garner and] are the least effective alternatives for this comparative factor.

**Access by Service Area Residents**

On page 33, the 2025 SMFP defines the service area for acute care hospital beds as “...the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 38, shows Wake County as its own acute care bed service area. All the existing and proposed facilities are in Wake County. Thus, the service area for these facilities is Wake County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

**Acute Care Bed Services: Projected Wake County Service Area Residents (FY3)**

Applicant	# Wake County Patients	Total Patients
	AC Bed services	AC Bed Services
WakeMed Raleigh	21,795	30,924
WakeMed North*	Cannot be determined in the format provided.	12,557
WakeMed Garner	5,764	8,036
UNC Rex Raleigh	25,866	40,344
UNC Rex Wake Forest*	Cannot be determined in the format provided.	Cannot be determined in the format provided.
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.
Duke Cary	7,429	10,517
Duke Raleigh	9,707	15,443

\*WakeMed North- The number and/or percentage of Wake County patients projected for acute care bed was not provided in a format that can be used for this comparative factor. The applicant provided patient origin by ZIP code and some of the ZIP codes include more than Wake County (ex. See ZIP 27587 and ZIP 27596).

\*UNC Rex Wake Forest- The number and/or percentage of Wake County patients projected for acute care beds was not provided in a format that can be used for this comparative factor. The number and/or percentage of Wake County patients projected to receive acute care bed services was combined with other IP services. See descriptive heading *"Inpatient Services (including Inpatient Surgery)"* in Form F.2b & Form F.3b, pages 201 and 202 respectively.

\*Novant Knightdale- The number of Wake County patients projected for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Acute care bed services were combined with other IP services *"Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives."* (See Form F.2 Revenue Assumption page 174).

As shown in the table above the number of Wake County residents proposed for acute care bed services for WakeMed North, UNC Rex Wake Forest and Novant Knightdale during the third full fiscal year following project completion could not be determined.

In addition, differences in the acuity level of patients at each facility, the level of care (ranging from a small community hospital to a tertiary care hospital and Level I Trauma Center) at each facility, and the number and types of acute care bed services vs. all patient services proposed by each of the facilities may impact the numbers shown in the table above. Furthermore, the acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in Wake County and is not only based on patients originating from Wake County.

Considering the discussion above, the Agency believes that in this instance attempting to compare the applicants based on the projected acute care bed access of residents of the Wake County service area would be ineffective. Therefore, considering the discussion above, the result of this analysis is inconclusive.

### **Access by Underserved Groups**

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

*"Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... 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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

***Projected Medicaid***

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicaid gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

**Acute Care Beds: Medicaid- Project Year 3**

<b>Applicant</b>	<b>Medicaid Gross Revenue</b>	<b>Total Gross Revenue</b>	<b>Medicaid Gross Revenue as a % of Total Gross Revenue</b>
	<b>A</b>	<b>B</b>	<b>C= A/B</b>
WakeMed Raleigh	\$696,744,967	\$4,173,803,282	16.69%
WakeMed North	\$57,347,203	\$699,805,969	8.19%
WakeMed Garner*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
UNC Rex Raleigh	\$54,988,749	\$577,386,793	9.52%
UNC Rex Wake Forest*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Duke Cary*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Duke Raleigh	\$98,107,395	\$886,921,722	11.06%

Source: Form F.2.

\*WakeMed Garner- Medicaid and Total Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicaid and Total Gross Revenue were only provided for the full WakeMed Garner facility.

UNC Rex Wake Forest- Medicaid and Total Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicaid and Total Gross Revenue for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading “*Inpatient Services (including Inpatient Surgery)*” in Form F.2b & Form F.3b, pages 201 and 202 respectively.

Novant Knightdale- Medicaid and Total Gross Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Medicaid and Total Gross Revenue for acute care bed services was combined with other IP services “*Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.*” (See Form F.2 Revenue Assumption page 174).

Duke Cary- Medicaid and Total Gross Revenue for acute care bed services were not provided in a format that can be used for this comparative factor. Medicaid and Total Gross Revenue for acute care bed services was combined with the emergency department services. See descriptive heading “*Inpatient Med & Emergency Dept*” in Form F.2 & Form F.3(b).

Based on the table above, of the proposed projects for which the Medicaid gross revenue as a percent of total gross revenue could be calculated, WakeMed Raleigh (16.69%) would be the most effective alternative; Duke Raleigh (11.06%) the more effective alternative; UNC Rex Raleigh (9.52%) the less effective alternative; and WakeMed North (8.19%) would be the least effective alternative. However, as shown in the table above, for acute care bed services, the Medicaid gross revenue as a percentage of total gross revenue could not be calculated for WakeMed Garner, UNC Rex Wake Forest, Novant Knightdale and Duke Cary. Therefore, a comparison of the Medicaid gross revenue as a percent of total gross revenue of the eight applications could not be performed.

Furthermore, the UNC Rex Raleigh acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. (See page 155 of the UNC Rex Raleigh application). All other charges relating to the patient's inpatient visits are allocated to the applicable departments.

In addition, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### ***Projected Medicare***

The following table shows each applicant's percentage of gross revenue (charges) projected to be provided to Medicare patients in the applicant's third full year of operation following completion of their projects, based on the information provided in the applicant's pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicare gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

**Acute Care Beds: Medicare- Project Year 3**

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare Gross Revenue as a % of Total Gross Revenue
	A	B	C= A/B
WakeMed Raleigh	\$2,067,688,404	\$4,173,803,282	49.54%
WakeMed North	\$455,999,224	\$699,805,969	65.16%
WakeMed Garner*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
UNC Rex Raleigh	\$358,378,659	\$577,386,793	62.01%
UNC Rex Wake Forest*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Duke Cary*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for AC Beds
Duke Raleigh	\$540,701,206	\$886,921,722	60.96%

Source: Form F.2.

\*WakeMed Garner- Medicare and Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicare and Gross Revenue was only provided for the full WakeMed Garner facility.

UNC Rex Wake Forest- Medicare and Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicare and Gross Revenue for acute care bed services was combined with other IP services, including IP surgical services. See descriptive heading *“Inpatient Services (including Inpatient Surgery)”* in Form F.2b & Form F.3b, pages 201 and 202 respectively.

Novant Knightdale- Medicare and Gross Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Medicare and Gross Revenue for acute care bed services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 174).

Duke Cary- Medicare and Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicare and Gross Revenue for acute care bed services was combined with the emergency department services. See descriptive heading *“Inpatient Med & Emergency Dept”* in Form F.2 & Form F.3(b).

Based on the table above, of the proposed projects for which the Medicare gross revenue as a percent of total gross revenue could be calculated, WakeMed North (65.16%) would be the most effective alternative; UNC Rex Raleigh (62.01%) the more effective alternative; Duke Raleigh (60.96%) the less effective alternative; and WakeMed Raleigh (49.54%) would be the least effective alternative.

However, as shown in the table above, for acute care bed services, the Medicare gross revenue as a percent of total gross revenue could not be calculated for WakeMed Garner, UNC Rex Wake Forest, Novant Knightdale and Duke Cary. Therefore, a comparison of the Medicare gross revenue as a percent of total gross revenue of the eight applications could not be performed.

Furthermore, the UNC Rex Raleigh acute care bed proformas, in contrast to the other applications,

only include charges and expenses related to room and board. (See page 155 of the UNC Rex Raleigh application). All other charges relating to the patient’s inpatient visits are allocated to the applicable departments.

In addition, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

**Projected Average Net Revenue per Patient Day**

The following table compares projected average net revenue per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient day is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

**Acute Care Beds: Average Net Revenue per Discharge- 3<sup>rd</sup> Project Year**

<b>Applicant</b>	<b>Total # of Discharges</b>	<b>Net Revenue</b>	<b>Average Net Revenue per Discharge</b>
	<b>A</b>	<b>B</b>	<b>C= B/A</b>
WakeMed Raleigh	30,924	\$925,037,622	\$29,913
WakeMed North	12,557	\$189,175,371	\$15,065
WakeMed Garner*		Cannot be determined in the format provided.	Cannot be Calculated
UNC Rex Raleigh	40,344	\$216,320,161	\$5,362
UNC Rex Wake Forest*	3,067	Cannot be determined in the format provided.	Cannot be Calculated
Novant Knightdale*	1,782	Cannot be determined in the format provided.	Cannot be Calculated
Duke Cary*	10,517	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	15,443	\$349,603,866	\$22,638

Source: Form C. 3b and Form F.2b.

\*WakeMed Garner- Net Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Net Revenue was only provided for the full WakeMed Garner facility.

UNC Rex Wake Forest- Net Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Net Revenue for acute care bed services was combined with other IP services, including IP surgical services. See descriptive heading “*Inpatient Services (including Inpatient Surgery)*” in Form F.2b & Form F.3b, pages 201 and 202 respectively.

Novant Knightdale- Net Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Net Revenue for acute care bed services was combined with other IP services “*Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an*

*inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.” (See Form F.2 Revenue Assumption page 174).*

Duke Cary- Net Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Net Revenue for acute care bed services was combined with the emergency department services. See descriptive heading “*Inpatient Med & Emergency Dept*” in Form F.2 & Form F.3(b).

Based on the table above, of the proposed projects for which the average net revenue per discharge could be calculated, UNC Rex Raleigh (\$5,362) would be the most effective alternative; WakeMed North (\$15,065) the more effective alternative; Duke Raleigh (\$22,638) the less effective alternative; and WakeMed Raleigh (\$29,913) would be the least effective alternative. However, as shown in the table above, for acute care bed services, the average net revenue per discharge could not be calculated for WakeMed Garner, UNC Rex Wake Forest, Novant Knightdale and Duke Cary. Therefore, a comparison of the average net revenue per discharge of the eight applications could not be performed.

Furthermore, the UNC Rex Raleigh acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. (See page 155 of the UNC Rex Raleigh application). All other charges relating to the patient’s inpatient visits are allocated to the applicable departments.

In addition, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### **Projected Average Operating Expense per Patient Day**

The following table compares projected average operating expense per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

**Acute Care Beds: Average Operating Expense per Discharge- 3<sup>rd</sup> Project Year**

Applicant	Total # of Discharges	Operating Expenses	Average Operating Expense per Discharge
	A	B	C= B/A
WakeMed Raleigh	30,924	\$913,345,877	\$29,535
WakeMed North	12,557	\$112,582,964	\$8,966
WakeMed Garner*	8,036	Cannot be determined in the format provided.	Cannot be Calculated
UNC Rex Raleigh	40,344	\$331,706,195	\$8,222
UNC Rex Wake Forest*	3,067	Cannot be determined in the format provided.	Cannot be Calculated
Novant Knightdale*	1,782	Cannot be determined in the format provided.	Cannot be Calculated
Duke Cary*	10,517	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	15,443	\$367,287,608	\$23,783

Source: Form C. 3b and Form F.2b.

\*WakeMed Garner- Operating Expenses for acute care bed services were not provided in a format that can be used for this comparative factor. Operating Expenses were only provided for the full WakeMed Garner facility.

UNC Rex Wake Forest- Operating Expenses for acute care bed services were not provided in a format that can be used for this comparative factor. Operating Expenses for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading *"Inpatient Services (including Inpatient Surgery)"* in Form F.2b & Form F.3b, pages 201 and 202 respectively.

Novant Knightdale- Operating Expenses for acute care bed services were not provided in the proformas in a format that can be used for this comparative factor. Operating Expenses for acute care bed services were combined with other IP services *"Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives."* (See Form F.2 Revenue Assumption page 174).

Duke Cary- Operating Expenses for acute care bed services were not provided in a format that can be used for this comparative factor. Operating Expenses for acute care bed services were combined with the emergency department services. See descriptive heading *"Inpatient Med & Emergency Dept"* in Form F.2 & Form F.3(b).

Based on the table above, of the proposed projects for which the average operating expense per discharge could be calculated, UNC Rex Raleigh (\$8,222) would be the most effective alternative; WakeMed North (\$8,966) the more effective, Duke Raleigh (\$23,783) the less effective and WakeMed Raleigh (\$29,535) the least effective. However, as shown in the table above, for acute care bed services, the average operating expense per discharge could not be calculated for WakeMed Garner, UNC Rex Wake Forest, Novant Knightdale and Duke Cary. Therefore, a comparison of the average operating expense per discharge of the eight applications could not be performed.

Furthermore, the UNC Rex Raleigh acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board (See page 155 of the UNC Rex Raleigh

application). All other charges relating to the patient’s inpatient visits are allocated to the applicable departments.

In addition, even if the applicants had supplied pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

**Summary**

The following table lists the comparative factors and indicates whether each application was most effective, more effective, less effective or least effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

<b>Comparative Factor</b>	<b>WakeMed Raleigh</b>	<b>WakeMed North</b>	<b>WakeMed Garner</b>	<b>UNC Rex Raleigh</b>
Conformity with Review Criteria	Yes- Approvable	Yes- Approvable	Yes- Approvable	Yes- Approvable
Scope of Services	<b>Most Effective</b>	Less Effective	Less Effective	<b>More Effective</b>
Geographic Accessibility	Least Effective	Least Effective	Least Effective	Least Effective
Competition (Access to New or Alternate Provider)	Least Effective	Least Effective	Least Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive

<b>Comparative Factor</b>	<b>UNC Rex Wake Forest</b>	<b>Novant Knightdale</b>	<b>Duke Cary</b>	<b>Duke Raleigh</b>
Conformity with Review Criteria	Yes- Approvable	No- Not Approvable	Yes- Approvable	Yes- Approvable
Scope of Services	Less Effective	Least Effective	Less Effective	Less Effective
Geographic Accessibility	<b>More Effective</b>	<b>Most Effective</b>	Least Effective	Least Effective
Competition (Access to New or Alternate Provider)	Less Effective	<b>Most Effective</b>	<b>More Effective</b>	<b>More Effective</b>
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for the Wake County service area. As shown above, for this review the Agency received eight applications proposing to develop a total of 670 new acute care beds.

The application submitted for **Novant Knightdale** was determined to be most effective for two comparative factors, however, Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved. Therefore, the application for Novant Knightdale is **denied** and is not considered further in this Comparative Review.

The applications submitted by WakeMed Raleigh, WakeMed North, WakeMed Garner, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Cary and Duke Raleigh to develop acute care beds are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 644 acute care beds while the need determination is for 267 acute care beds; therefore, only 267 acute care beds can be approved.

As discussed above, **WakeMed Raleigh** was determined to be the most effective alternative for one of the comparative factors:

- Scope of Services

As discussed above, **WakeMed North** was not determined to be the most or more effective alternative for any of the comparative factors.

As discussed above, **WakeMed Garner** was not determined to be the most or more effective alternative for any of the comparative factors.

As discussed above, **UNC Rex Raleigh** was determined to be a more effective alternative for one comparative factor:

- Scope of Services

As discussed above, **UNC Rex Wake Forest** was determined to be a more effective alternative for one comparative factor:

- Geographic Accessibility (Location within the Service Area)

As discussed above, **Duke Cary** was determined to be a more effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

As discussed above, **Duke Raleigh** was determined to be a more effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

After the initial comparative review:

As discussed above, the Novant Knightdale application was not conforming to statutory and regulatory criteria and requirements and thus was not an approvable application.

WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Cary and Duke Raleigh were each determined to be the most or more effective alternative for one comparative factor and both the WakeMed North and the WakeMed Garner applications were determined to not be the most or more effective alternative for any of the comparative factors, as summarized in the following table.

	<b>Comparative Factor for which each application was determined to be “more or most effective”.</b>	
WakeMed Raleigh	Scope of Services	<b>Most</b>
WakeMed North	None	None
WakeMed Garner	None	None
UNC Rex Raleigh	Scope of Services	<b>More</b>
UNC Rex Wake Forest	Geographic Accessibility (Location within the Service Area)	<b>More</b>
Duke Cary	Competition (New or Alternative Provider)	<b>More</b>
Duke Raleigh	Competition (New or Alternative Provider)	<b>More</b>

The applications that were determined to be either most or more effective for one comparative factor propose to develop a total of 541 acute care beds, the AC bed need determination for Wake County in the 2025 SMFP is for 267 AC beds, therefore the applications cannot all be approved. Therefore, the WakeMed North application [Project ID# J-12672-25] and the WakeMed Garner application [Project ID#J-12673-25] are denied and are therefore not considered further in this Comparative Review.

WakeMed Raleigh was the only application to be found most effective for one of the comparative factors. Therefore, the WakeMed Raleigh application [Project ID#J-12671-25] is approved for 164 acute care beds.

The acute care bed need determination in the 2025 SMFP was for 267 acute care beds. That leaves 103 acute care beds still available to be awarded [267-164 to WakeMed Raleigh = 103 AC beds].

Each of the remaining applications were determined to be more effective for one of the comparative factors as described above. Said differently, the four remaining applications are all tied in the number of comparative factors. The Agency cannot approve all four of the remaining applications because there are only 103 AC beds left to be awarded in this review and the four remaining applications are seeking approval to develop a total of 377 AC beds

For the reasons set forth below the Agency is awarding the remaining 103 AC beds as follows:

- 51 acute care beds to UNC Rex Raleigh, and
- 52 acute care beds to Duke Raleigh.

The four applications that are tied are from two health systems: UNC Rex Health System (UNC Rex Raleigh and UNC Rex Wake Forest) and Duke University Health System (Duke Cary and Duke Raleigh).

The UNC Rex Health System applications are complimentary to each other, if approved would operate under the same hospital license, and were filed by the same applicant-Rex Hospital, Inc. The Duke University Health System applications are complimentary to each other, if approved would operate under the same hospital license, and were filed by the same applicant- Duke University Health System, Inc. Neither Rex Hospital, Inc. nor Duke University Health System, Inc. stated a priority between their respective applications.

One of the Rex Hospital, Inc applications is for an existing facility. The other is for a proposed facility. One of the Duke University Health System, Inc. applications is for an existing facility. The other is for a change of scope of an approved, but undeveloped facility.

The Agency recognizes that, without the necessity of a need determination for AC beds, existing hospitals can apply to either move AC beds between their own hospital campuses or even apply to develop new hospital campuses by relocating existing/approved AC beds.

The applications were each found to be “more effective” for one comparative factor: UNC Rex Raleigh for Scope of Services; UNC Rex Wake Forest for Geographic Accessibility (Location withing the Service Area); and the Duke Cary and Duke Raleigh applications for Competition (Access to a New or Alternative Provider).

Both the UNC Health System (172) and the Duke Health System (75) have projected acute care bed deficits in 2028 as shown in Table 5A of the 2026 SMFP, which is based on the most recent LRA data through September 30, 2024.

The most recent data provided by each of the remaining applicants shows that historical utilization for FY2025 (7/1/2024-6/30/2025) of existing and approved acute care beds by the UNC Health System (85.18%) and the Duke Health System (87.99%) is basically equivalent [See the historical data provided for FY2025 in each of the applications. Each health system provided patient days for FY2025 annualized based on ten months of historical data.]

[UNC Health System: FY2025: 151,106 patient days/365 = 413.99: 413.99/486 beds = 85.18%.]

[Duke Health System: FY2025: 65,521 patient days/365 = 179.1: 179.1/204 beds =87.99%.]

The Agency first divided the remaining 103 acute care beds between the two remaining hospital systems: 51 and 51 with the “extra” bed held out at initially.

Then, the Agency chose between the two applications for both of the hospital systems. The Agency awarded AC beds to each of the respective applications that were for existing facilities: UNC Rex Raleigh and Duke Raleigh.

The deciding factor between awarding the 51 acute care beds to UNC Rex Raleigh as opposed to the UNC Rex Wake Forest application is simply that UNC Rex Raleigh is an existing facility within the UNC Rex Hospital System whereas, in contrast, UNC Rex Wake Forest is a proposed new hospital campus.

The same deciding factor was used in awarding the 51 acute care beds to Duke Raleigh as opposed to Duke Cary in that Duke Raleigh is an existing facility within the Duke Raleigh Hospital System whereas Duke Cary is an approved, but undeveloped, new hospital campus.

The “extra” acute care bed [103 - 51 - 51 = 1] is awarded to the Duke Raleigh application, for a total of 52 acute care beds, because Duke Raleigh is projecting to have acute care beds in service [FY2027] a year before UNC Rex Raleigh is projecting to have acute care bed in service [FY2028]. Based upon the independent review of each application and the Comparative Analysis, the following application is conditionally approved as submitted:

- Project ID #J-12671-25/ **WakeMed Raleigh**/ Develop 164 additional acute care beds pursuant to the 2025 SMFP need determination

Based upon the independent review of each application and the Comparative Analysis, the following applications are conditionally approved as modified in the description below:

- Project ID # J-12677-25/ **UNC Rex Raleigh**/ Develop 51 additional acute care beds pursuant to the 2025 SMFP need determination
- Project ID # J-12690-25/ **Duke Raleigh**/ Develop 52 additional acute care beds pursuant to the 2025 SMFP need determination

And the following applications are denied:

- Project ID #J-12672-25/ **WakeMed North**/ Change of scope for Project ID # J-12419-23 (Develop 35 additional acute care beds) to develop 25 additional acute care beds pursuant to the 2025 SMFP need determination
- Project ID #J-12673-25/ **WakeMed Garner**/ Change of scope to Project ID# J-12264-22 (Develop a new 31-bed acute care hospital) to develop 78 additional acute care beds pursuant to the 2025 SMFP need determination
- Project ID # J-12680-25/ **UNC Rex Wake Forest**/ Develop a new 50-bed acute care bed hospital pursuant to the 2025 SMFP need determination

- Project ID # J-12686-25/ **Novant Knightdale**/ Develop a new 26-bed acute care hospital pursuant to the 2025 SMFP need determination
- Project ID # J-12689-25/ **Duke Cary**/ Change in scope and cost overrun to Project ID# J-12029-21 (develop a new 40-bed acute care hospital) to develop 120 additional acute care beds pursuant to the 2025 SMFP need determination

**Project ID #J-12671-25/ WakeMed Raleigh** is approved subject to the following conditions.

1. **WakeMed (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 164 additional acute care beds at WakeMed (a/k/a WakeMed Raleigh Campus) pursuant to the 2025 SMFP need determination.**
3. **Upon completion of this project, Project ID#J-12264-22 (relocate 22 AC beds from WakeMed Raleigh Campus to WakeMed Garner Hospital) and Project ID# J-12538-24 (develop 21 AC beds) WakeMed Raleigh Campus shall be licensed for no more than 702 acute care beds (excluding NICU beds).**
4. **Progress Reports:**
  - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. **The certificate holder shall complete all sections of the Progress Report form.**
  - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. **The first progress report shall be due on November 15, 2026.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**

7. **The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**
8. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

**Project ID #J-12677-25/ UNC Rex Raleigh** is approved subject to the following conditions.

1. **Rex Hospital, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 51 additional acute care beds at UNC Health Rex Hospital (Raleigh Campus) pursuant to the need determination in the 2025 SMFP which is a change of scope and cost overrun to Project ID# J-12258-22 (develop 18 AC beds) and Project ID#J-12542-24 (develop 20 AC beds).**
3. **Upon completion of this project, Project ID# J-12258-22 (develop 18 AC beds) and Project ID#J-12542-24 (develop 20 AC beds) UNC Rex Hospital Main Campus/Raleigh Campus shall be licensed for no more than 507 acute care beds (excluding NICU beds and the 50 AC beds at UNC Rex Holly Springs).**
4. **Progress Reports:**
  - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. **The certificate holder shall complete all sections of the Progress Report form.**
  - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. **The first progress report shall be due on November 15, 2026.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy**

**efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**

- 7. The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**
- 8. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

**Project ID #J-12690-25/ Duke Raleigh** is approved subject to the following conditions.

- 1. Duke University Health System, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop no more than 52 additional acute care beds at Duke Raleigh Hospital pursuant to the 2025 SMFP need determination.**
- 3. Upon completion of this project, Project ID#J-12029-21 (relocate 40 AC beds from Duke Raleigh Hospital to Duke Cary Hospital) and Project ID#J-12546-24 (develop 5 AC beds) Duke Raleigh Hospital shall be licensed for no more than 221 acute care beds (excluding NICU beds and the 40 AC beds at Duke Cary Hospital).**
- 4. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. The certificate holder shall complete all sections of the Progress Report form.**
  - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. The first progress report shall be due on November 15, 2026.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**

- 6. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 7. The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**
- 8. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**