

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 28, 2024

Findings Date: March 28, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Lisa Pittman

Project ID #: F-12442-23

Facility: Atrium Health Union

FID #: 923515

County: Union

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 13 additional acute care beds pursuant to the 2023 SMFP need determination

REVIEW CRITERIA

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

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

C

The Charlotte-Mecklenburg Hospital Authority (hereinafter “CMHA,” “Atrium,” or “the applicant”) proposes to add 13 acute care beds to Atrium Health Union (“AH Union”), an existing acute care hospital, pursuant to the 2023 need determination for 21 acute care beds in Union County for a total of 151 acute care beds upon project completion. The applicant submitted an application (Project ID# F-12440-23) in concurrence with this application to add the remaining eight acute beds to Atrium Health Union West (“AH West”), a separate campus under the AH Union license.

Need Determination

Chapter 5 of the 2023 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area.

Application of the need methodology in the 2023 SMFP identified a need for 21 additional acute care beds in the Union County service area.

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

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

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

- 1. a 24-hour emergency services department;*
- 2. inpatient medical services to both surgical and non-surgical patients; and*
- 3. if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below... [listed on pages 34-35 of the 2023 SFMP].”*

The applicant does not propose to develop more acute care beds than are determined to be needed in Union County. In Section B, page 26, the applicant adequately demonstrates that it meets the requirements imposed on persons proposing to operate additional acute care beds in a hospital as outlined in Chapter 5 of the 2023 SMFP.

Policies

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

Policy GEN-3: Basic Principles, on page 30 of the 2023 SMFP, states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

In Section B, pages 28-32, the applicant explains why it believes its application is consistent with Policy GEN-3. On page 32, the applicant states:

“The utilization projected in the application, ..., incorporates concepts of safety, quality, access, and maximum value by expanding Atrium Health Union’s ability to continue demonstrating these concepts in the services it provides. The increased number of patients served, including the medically underserved, will have access to the safe, high quality acute care services provided at Atrium Health Union, and the proposed project will be developed in such a way as to maximize healthcare value.”

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

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. § 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. § 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. § 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 33-34, the applicant provides a written statement describing the project’s plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Union County and meets the requirements imposed on persons proposing to add additional acute care beds to a hospital as described in Chapter 5 of the 2023 SMFP.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Union County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Union County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant adequately demonstrates the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

Patient Origin

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

The following tables illustrate historical and projected patient origin.

Atrium Health Union Acute Care Beds Historical Patient Origin		
Last Full FY 01/01/2022 to 12/31/2022		
	# of Patients	% of Total
Union	4,935	59.0%
Anson	1,179	14.1%
Chesterfield, SC	887	10.6%
Lancaster, SC	669	8.0%
Mecklenburg	284	3.4%
Other^	410	4.9%
Total	8,365	100.0%

Source: Section C, page 37

^Includes 34 NC counties and other states.

Atrium Health Union Acute Care Beds Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	01/01/2026- 12/31/2026		01/01/2027- 12/31/2027		01/01/2028- 12/31/2028	
	CY 2026		CY 2027		CY 2028	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Union	5,674	59.0%	5,795	59.0%	5,920	59.0%
Anson	1,356	14.1%	1,385	14.1%	1,415	14.1%
Chesterfield, SC	1,019	10.6%	1,041	10.6%	1,064	10.6%
Lancaster, SC	769	8.0%	786	8.0%	803	8.0%
Mecklenburg	327	3.4%	334	3.4%	341	3.4%
Other^	471	4.9%	481	4.9%	490	4.9%
Total	9,616	100.0%	9,822	100.0%	10,033	100.0%

Source: Section C, page 39

^Includes 34 NC counties and other states.

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

- The applicant assumes that the proposed project would not impact patient origin and projects patient origin based CY 2022 patient origin.
- The applicant projects a 2.1 percent growth that is consistent with the projected population growth in Union County.

Analysis of Need

In Section C, page 41-50, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- Union County is the largest county geographically in the HSA III service area and the location of its population as it relates to access, demonstrates the need to expand capacity to acute care services across the county. (page 42)
- The projected growth and aging of the population in Union County. (pages 43-46)
- The need to expand acute care services in Union County is based on the recent rapid growth of patient days, the existing capacity constraints, and Atrium’s initiatives to expand services that will increase patient volumes. (page 46-50)

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

- There is a need determination in the 2023 SMFP for 21 additional acute care beds in Union County.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.
- The applicant provides evidence of challenges in patient care it experiences as the result of existing capacity constraints.

Projected Utilization

In Section Q, pages 114-115, the applicant provides historical and projected utilization, as illustrated in the following tables.

Atrium Health Union Historical Utilization			
	CY 2022	CY 2023	CY 2024
# of Beds*	138	138	138
# of Discharges	8,365	8,745	9,216
# of Patients Days	48,350	47,731	48,755
ALOS**	5.8	5.5	5.3
Occupancy Rate	96.0%	94.8%	96.8%

*Excludes NICU beds

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

Atrium Health Union Projected Utilization				
	CY 2025	CY 2026	CY 2027	CY 2028
# of Beds*	151	151	151	151
# of Discharges	9,414	9,616	9,822	10,033
# of Patients Days	49,801	50,869	51,961	53,076
ALOS**	5.3	5.3	5.3	5.3
Occupancy Rate	90.4%	92.3%	94.3%	96.3%

*Excludes NICU beds

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

In Section Q, pages 120-123, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Historical Utilization

The applicant begins with the historical utilization for the AH Union license which consists of AH Union and AH West campuses. The applicant does not include a Compound Annual Growth Rate (CAGR) for AH West because the facility opened in 2022.

Table 1: Atrium Health Union License Historical Acute Care Bed Utilization						
	CY19	CY20	CY21	CY22	CY23*	CAGR
Atrium Health Union Acute Care Days	36,584	36,441	46,754	48,350	47,731	6.9%
Atrium Health Union West Acute Care Days [^]				8,717	12,275	
Total Acute Care Days	36,584	36,441	46,754	57,067	60,006	13.2%
Average Daily Census	100.2	99.8	128.1	156.3	164.4	
Licensed Beds	178	178	178	178	178	
Occupancy	56.3%	56.1%	72.0%	87.8%	92.4%	

Source: Section Q, page 121; CMHA internal data.

*CY 2023 represents January through July data seasonalized based on CY 2022 patterns.

[^]Atrium Health Union West opened in February 2022.

Note: The State Health Coordinating Council (SHCC) removed Level II, III, and IV neonatal beds and days of care from the acute care bed need methodology in the 2023 SMFP. Thus, CMHA excluded all neonatal beds and days of care from Form C.

As illustrated above, the AH Union license occupancy rate increased significantly from CY 2019 to CY 2023 (annualized), exceeding the Performance Standard target occupancy rate of 71.4 percent. During that period, the Average Daily Census (ADC) was more than 100 but less than 200.

Project Utilization

The following table illustrates the Union County projected population growth from CY 2023 to CY 2028, according to the North Carolina Office of State Budget Management (NCOSBM).

Table 2: Union County Projected Population Growth Rate			
	CY23	CY28	CAGR
Union County Population	252,232	280,478	2.1%

Source: Section Q, page 121; NCOSBM

The applicant projects acute care utilization for the AH Union license using the Union County projected population growth of 2.1 percent. The applicant states that using this growth rate is conservative considering the acute care day historical growth rate of 6.9 percent experienced

at AH Union and the 13.2 percent historical growth for the AH Union license. See Table 3 below.

Table 3: Assumed Projected Growth Rates for Atrium Health Union License		
Facility	Historical CAGR	Projected CAGR
Atrium Health Union	6.9%	2.1%
Atrium Health Union West*		2.1%
Atrium Health Union License Total	13.2%	2.1%

Source: Section Q, page 122

*Historic CAGR for Atrium Health Union West is excluded due to insufficient data, as it opened only in February 2022.

Note: 2.1 percent is the projected population growth rate from 2023 to 2028 for Union County, shown in Table 2.

The following tables illustrate the applicant’s projections using the projected growth rate of 2.1 percent.

Table 4: Atrium Health Union Projected Acute Care Bed Utilization						
	CY24	CY25*	CY26 (PY1)	CY27 (PY2)	CY28 (PY3)	CAGR
Total Acute Care Days	48,755	49,801	50,869	51,961	53,076	2.1%
Number of Acute Care Beds in Operation	138	151	151	151	151	
Average Daily Census	133.6	136.4	139.4	142.4	145.4	
Occupancy	96.8%	90.4%	92.3%	94.3%	96.3%	

Source: Section Q, page 122

*CY 2025 is partial project year, beginning September 15, 2025.

Table 5: Atrium Health Union West Projected Acute Care Bed Utilization						
	CY24*	CY25 (PY1)	CY26 (PY2)	CY27 (PY3)	CY28**	CAGR
Total Acute Care Days	12,539	12,808	13,083	13,363	13,650	2.1%
Number of Acute Care Beds	48	48	48	48	48	
Average Daily Census	34.4	35.1	35.8	36.6	37.4	
Occupancy	71.6%	73.1%	74.7%	76.3%	77.9%	

Source: Section Q, page 122

*CY 2024 is partial project year, beginning November 11, 2024.

**The third full fiscal year of operation for Atrium Health Union’s proposed project is CY 2028; Thus, acute care days at both campuses are projected through CY 2028.

The following table illustrates the projected utilization for AH Union and AH West using the projected number of acute care days for both facilities combined.

	CY24	CY25	CY26	CY27	CY28	CAGR
Total Acute Care Days	61,294	62,609	63,952	65,324	66,726	2.1%
Number of Acute Care Beds in Operation	186	199	199	199	199	
Average Daily Census	167.9	171.5	175.2	179.0	182.8	
Occupancy	90.3%	86.2%	88.0%	89.9%	91.9%	

Source: Section Q, page 123

As shown, in the table above, AH Union and AH West are projected to exceed the Performance Standard target rate of 71.4 percent in their respective third project year.

Projected Average Length of Stay (ALOS)

The applicant projects the ALOS for each facility. The applicant projects that the ALOS will decrease in CY 2024 and remain constant through CY 2028. The applicant states that the increase in ALOS from CY 2020 through CY 2022 is in part due to lower acuity patients moving to outpatient settings with the remaining patients having a higher acuity level and ALOS. The applicant believes that the projected ALOS is supported by CMHA’s initiatives to address the post-acute placement issue related to the availability of a discharge destination for patients.

	CY20	CY21	CY22	CY23	CY24	CY25	CY26	CY27	CY28
Atrium Health Union ALOS	4.5	5.3	5.8	5.5	5.3	5.3	5.3	5.3	5.3
Atrium Health Union West ALOS			4.3	4.1	4.1	4.1	4.1	4.1	4.1

Source: Section Q, page 123; CMHA internal data.

Note: CY 2024 through CY 2028 are projected years of data. As reflected in Form C.

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

- The applicant’s historical growth in utilization created the current need determination for 21 additional acute care beds in the 2023 SMFP for the Union County Acute Care Bed Service Area.
- The applicant relies on the Union County projected population growth rate to project future growth.
- The projected utilization of the applicant’s proposed acute care beds meets the Performance Standard in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, page 57, the applicant states:

“As noted in CMHA’s Non-Discrimination Policy Statement, ‘[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’ CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved.”

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

Medically Underserved Groups	Estimated % of Total Patients in 3 rd Full FY
Low income persons	
Racial and ethnic minorities	29.9%
Women	56.1%
Persons with disabilities	
Persons 65 and older	30.4%
Medicare beneficiaries	36.3%
Medicaid recipients	21.0%

Source: Section C, page 58

In Section C, page 58, the applicant states that it does not maintain data on the number of low-income persons and disabled persons it serves and cannot reasonably estimate their percentage of total patients; however, the applicant also states neither low-income persons nor disabled persons are denied access to services.

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

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

NA

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

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

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section E, page 70, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo-The applicant states that maintaining the status quo is not a practical alternative because of the facility's high occupancy level, which has caused the need to utilize temporary beds. AH Union's emergency department patients have experienced long wait times and delays in the delivery of treatment due to the availability of acute care beds.

Develop a Different Number of Beds at Atrium Health Union-The applicant states that developing fewer than 13 acute care beds will not meet the need to expand bed capacity for future growth. Moreover, adding more than 13 acute care beds would limit the ability to enhance capacity at AH West as proposed in Project ID# F-12440-23.

On page 70, the applicant states that its proposal is the most effective alternative because developing the 13 acute care beds will allow the facility to deliver timely care for higher acuity patients.

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

- There is a 2023 SMFP need determination for 21 acute care beds in Union County.

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop no more than 13 new acute care beds at Atrium Health Union.**
- 3. Upon completion of the project, Atrium Health Union shall be licensed for no more than 151 acute care beds, excluding any Level II, III, or IV NICU beds.**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on December 1, 2024.**

5. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
 6. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

Capital and Working Capital Costs

In Section Q, page 124, the applicant projects the total capital cost of the project as shown in the table below.

Construction/Renovation contract (s)	\$5,525,000
Architect/Engineering Fees	\$733,000
Medical Equipment	\$1,635,000
Furniture	\$185,000
Consultant Fees (CON and Legal)	\$150,000
Financing Costs	\$48,000
Interest During Construction	\$130,000
Other (IS and Contingency)	\$2,074,000
Total	\$10,480,000

In Section Q, page 125, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Cost estimates are based on the applicant and the architect’s experience with similar projects.
- In Exhibit F.1, the applicant provides a proposed capital cost sheet, certified by a registered architect on September 13, 2023, stating the construction costs listed are accurate.

In Section F, page 74, the applicant states there will be no start-up costs or initial operating expenses because the proposed project does not include a new service or facility.

Availability of Funds

In Section F, page 72, the applicant states the entire projected capital expenditure of \$10,480,000 will be funded with CMHA's accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 16, 2023, from the Interim Chief Financial Officer for CMHA (managed by Atrium Health, Inc.), stating that CMHA has sufficient accumulated reserves to fund the projected capital cost and is committed to providing the funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium's Basic Financial Statements and Other Financial Information for the year ending December 31, 2022. According to the Basic Financial Statements, as of December 31, 2022, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

Financial Feasibility

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

Atrium Health Union Acute Care Beds	1st Full FY	2nd Full FY	3rd Full FY
	CY 2026	CY 2027	CY 2028
Total Patient Days	50,869	51,961	53,076
Total Gross Revenues (Charges)	\$285,133,386	\$299,988,785	\$315,618,148
Total Net Revenue	\$68,194,830	\$71,747,768	\$75,485,815
Total Net Revenue per Patient Day	\$1,341	\$1,381	\$1,422
Total Operating Expenses (Costs)	\$54,940,945	\$57,662,834	\$60,524,408
Total Operating Expenses per Patient Day	\$1,080	\$1,110	\$1,140
Net Profit	\$13,253,885	\$14,084,934	\$14,961,407

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

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

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

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

Table 5A on page 44 of the 2023 SMFP shows that AH Union is the only facility in Union County with acute care beds.

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

“The 2023 SMFP includes a need determination for 21 additional acute care beds in Union County. As the only existing acute care hospital in Union County, the need in the 2023 SMFP was generated exclusively by the highly utilized acute care services at Atrium Health Union and Atrium Health Union West. Furthermore, if acute care days

are conservatively grown at the county’s projected population growth rate of 2.1 percent ...the beds on the Atrium Health Union license will reach 91.9 percent occupancy in CY 2028 (the third full fiscal year of the proposed project).”

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section Q, page 132, the applicant provides historical and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Historical FTE Staff	Projected FTE Staff		
	(12/31/2022)	1 st Full FY	2 nd Full FY	3 rd Full FY
		CY 2026	CY 2027	CY 2028
Registered Nurses	157.1	210.5	215.0	219.5
Licensed Practical Nurses	12.5	13.1	13.4	13.7
Certified Nurse Aides/Nursing Assistants	62.1	65.4	66.8	68.2
Supervisory	14.3	15.1	15.4	15.7
Clerical	12.5	13.2	13.5	13.7
Technician	2.5	2.6	2.7	2.7
Temporary Help	66.0	24.3	24.8	25.4
TOTAL	327.1	344.1	351.5	359.1

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 F.2b. In pages 84-86, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- CMHA recruits staff using media outlets, job/career fairs, annually reviews hard-to-fill positions and initiate strategies to attract and recruit talent.
- The applicant can recruit staff from the two nursing schools within the Atrium Health System.
- All staff are required to meet the required performance standards and applicable certifications/accreditation in their respective field.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

Ancillary and Support Services

In Section I, page 88, the applicant identifies the necessary ancillary and support services for the proposed services. On page 88, 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 because AH Union is an existing acute care hospital with ancillary and support services already in place to support the addition of the acute care beds.

Coordination

In Section I, page 89, 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 based on the following:

- AH Union and AH West are the only facilities in Union County with acute care beds and have established relationships with area healthcare providers.
- In Exhibit I.2, the applicant provides letters from local health care and social service providers stating their support of the proposed project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

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

- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

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

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

In Section K, page 92, the applicant states that the project involves renovating 5,800 square feet of existing space. Line drawings are provided in Exhibit C.1.

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

- The applicant is proposing to develop the project within an existing space while leveraging Atrium's extended resources and cost-saving measures.
- The applicant is adding the 13 acute care beds to expand capacity to meet future demand.

On page 93, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states that the renovation costs are necessary to ensure access to acute care services.
- CHMA has experience reserving excess revenues to fund similar projects without the need to increase costs or charges.

On Section B, pages 33-34, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 96, the applicant provides the historical payor mix during CY2022 for the proposed services, as shown in the table below.

Atrium Health Union Historical Payor Mix 01/01/2022-12/31/2022	
Payor Category	Percent of Total
Self-Pay	9.5%
Charity Care [^]	
Medicare*	36.3%
Medicaid*	21.0%
Insurance*	30.2%
Workers Compensation ^{^^}	
TRICARE ^{^^}	
Other (Govt, Worker's Comp) ^{^^}	3.0%
Total	100.0%

*Including any managed care plans.

[^]CMHA internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.

^{^^}Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

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

Atrium Health Union	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	56.1%	50.2%
Male	43.8%	49.8%
Unknown	0.1%	0.0%
64 and Younger	69.6%	86.2%
65 and Older	30.4%	13.8%
American Indian	0.6%	0.7%
Asian	0.7%	4.7%
Black or African American	26.5%	12.7%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	65.8%	79.5%
Other Race	2.0%	2.3%
Declined / Unavailable	4.3%	0.0%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 98, the applicant states:

“Atrium Health Union has no obligation to provide a specific uncompensated care amount, community service, or access to care by medically underserved, minorities, or handicapped persons. However, as stated earlier, Atrium Health Union provides and will continue to provide services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability, or source of payment...”

In Section L, page 98, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Atrium Health Union.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 100, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Atrium Health Union Acute Care Beds Projected Payor Mix 3rd Full FY, CY 2028	
Payor Category	Percent of Total
Self-Pay	6.4%
Charity Care [^]	
Medicare*	52.4%
Medicaid*	22.4%
Insurance*	16.8%
Workers Compensation ^{^^}	
TRICARE ^{^^}	
Other (Govt, Worker's Comp) ^{^^}	2.0%
Total	100.0%

*Including any managed care plans.

[^]CMHA internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.

^{^^}Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.4% of total services will be provided to self-pay patients, 52.4% to Medicare patients and 22.4% to Medicaid patients.

On page 99, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the facility and the acute care bed service component's CY 2022 historical payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

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

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

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

- CMHA's established relationships with health professional training programs, including Central Piedmont Community College, Queens University of Charlotte and University of North Carolina at Charlotte, Gardner-Webb University.
- CMHA's contractual agreement with University of North Carolina at Chapel Hill to manage the Charlotte Area Health Education Center (AHEC), an organization that coordinates various educational programs and produces continuing medical education programming for employees of Atrium Health.
- In Exhibit M.1, the applicant provides an extensive list of Atrium Health's existing agreements with health professional training programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (15) Repealed effective July 1, 1987.

- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

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

C

The applicant proposes to add 13 acute care beds pursuant to the 2023 SMFP need determination for 21 acute care beds in Union County.

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

Table 5A on page 42 of the 2023 SMFP shows that AH Union is the only facility in Union County with acute care beds.

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

“While Atrium Health Union and Atrium Health Union West are the only acute care hospital campuses located in Union County, Atrium Health Union competes with other providers in the region as Union County residents choose multiple providers for their acute care needs. Approval of additional acute care beds at Atrium Health Union will enhance competition by approving sufficient capacity for Atrium Health Union such that it can continue to compete for acute care patients.”

Regarding the impact of the proposal on cost effectiveness, in Section B, page 32, the applicant states:

“...Atrium Health Union, as a part of the larger CMHA system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Union to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources. Through the additional beds at Atrium Health Union, CMHA will foster competition by pursuing an approach that balances expending capital with developing needed capacity to meet patient demand for additional, high quality inpatient services.”

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

Regarding the impact of the proposal on quality, in Section B, pages 28-29, the applicant states:

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

...

The proposed project will serve to improve the quality of acute care services provided at Atrium Health Union. At present, Atrium Health Union provides exceptional services as evidenced by the accolades cited above. However, ongoing capacity constraints at Atrium Health Union can impede effective patient care... The proposed project will allow Atrium Health Union to expand its acute care capacity, which in turn will allow Atrium Health Union to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section B, pages 29 and 31, the applicant states:

“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability, or source of payment as demonstrated in CMHA’s Non-Discrimination policies

...

As CMHA looks across the communities it serves, some residents experience difficulty accessing basic primary care or other services needed to stay healthy due to a variety of barriers, such as lack of health insurance, lack of transportation, or other challenges associated with low-income status. As COVID-19 transformed CMHA’s traditional care access points from brick and mortar to virtual care, it has become more important than ever to seek to understand how to ensure equitable access to primary and specialty care across CMHA’s geographic footprint, meeting people where they live, work, play, and worship. CMHA is committed to providing equitable, convenient, and accessible care across all of the communities it serves.”

See also Sections 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
- 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

In Section Q, page 134, the applicant identifies the acute care hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 25 of this type of facility located in North Carolina.

In Section O, page 110, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy occurred in one of these facilities. The applicant states that Columbus Regional was cited for deficiencies that occurred at the facility on February 2, 2023, and March 3, 2023. A Plan of Correction was submitted and accepted by CMS. The applicant states that the facility was back in compliance as of April 25, 2023. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 25 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 Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

10 NCAC 14C .3803 PERFORMANCE STANDARDS

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

- (1) *document that it is a qualified applicant;*
 - C- In Section B, page 26, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- (2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*
 - C- In Section Q, page 115, the applicant provides projected utilization of all existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Atrium Health Union Projected Utilization				
	CY 2025	CY 2026	CY 2027	CY 2028
# of Beds*	151	151	151	151
# of Discharges	9,414	9,616	9,822	10,033
# of Patients Days	49,801	50,869	51,961	53,076
ALOS**	5.3	5.3	5.3	5.3
Occupancy Rate	90.4%	92.3%	94.3%	96.3%

*Excludes NICU beds

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

(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- In Section Q, page 115, the applicant projects an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the first three full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Atrium Health Union Projected Utilization				
	CY 2025	CY 2026	CY 2027	CY 2028
# of Beds*	151	151	151	151
# of Discharges	9,414	9,616	9,822	10,033
# of Patients Days	49,801	50,869	51,961	53,076
ALOS**	5.3	5.3	5.3	5.3
Occupancy Rate	90.4%	92.3%	94.3%	96.3%

*Excludes NICU beds

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

(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- In Section Q, page 119, the applicant provides 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Atrium Health Union License Projected Utilization				
	CY 2025	CY 2026	CY 2027	CY 2028
# of Beds*	199	199	199	199
# of Discharges	12,561	12,831	13,106	13,387
# of Patients Days	62,609	63,952	65,324	66,726
ALOS**	5.0	5.0	5.0	5.0
Occupancy Rate	86.2%	88.0%	89.9%	91.9%

*Excludes NICU beds

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

(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- In Section Q, page 119, the applicant projects an occupancy rate of 91.9% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

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

-C- In Section Q, pages 120-123, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.