Comments on Carolinas Center for Ambulatory Dentistry

submitted by

Surgical Center for Dental Professionals of Charlotte

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Surgical Center for Dental Professionals of Charlotte (SCDP of Charlotte) submits the following comments related to Carolinas Center for Ambulatory Dentistry's (CCAD) application to develop a new dental surgery center. SCDP of Charlotte's comments include "*discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards*." *See* N.C. GEN. STAT. § 131E-185(a1)(1)(c). In order to facilitate the Agency's review of these comments, SCDP of Charlotte has organized its discussion by issue, noting some of the general CON statutory review criteria and specific regulatory criteria and standards creating the non-conformity relative to each issue, as they relate to the CCAD, Project ID # F-11202-16.

GENERAL COMMENTS

While the comments below will discuss the multiple specific deficiencies in the CCAD application that necessitate its denial, SCDP of Charlotte believes that an overall comparison of the applications demonstrates the clear superiority of its proposed project over that of CCAD. The CCAD application has attempted to define need for the project in a way that best meets the needs of dentists who predominately serve pediatric patients, consistent with the pediatric dental practice of Knowles, Smith & Associates (KSA), the practice for several CCAD owners. CCAD's definition of need for this dental surgery center is consistent with the approach of Valleygate Dental Surgery Center of Raleigh (VDSCR), Project ID # J-11175-16, and Valleygate Dental Surgery Center of Fayetteville (VDSCF), Project ID # M-11176-16. SCDP of Charlotte's sister facilities in Raleigh and Greenville filed detailed comments in opposition to those project enumerating their non-conformities with the CON law and with the need determination in the *2016 SMFP* for a dental single specialty ambulatory surgical facility demonstration projects.

There are numerous examples of CCAD's focus on pediatric patients to the exclusion of adult patients throughout its application including:

- "*A particular focus will be patients of pediatric dentists*" (page 33)
- "*The majority of procedures of performed at CCAD will be pediatric dental surgeries performed by pediatric dentists*" (page 31)

In its application, CCAD ignores the need by adult patients to access licensed surgical facilities and limits their proposed service to mostly pediatric patients. In contrast, SCDP of Charlotte proposes to serve both pediatric and adult dental patients who lack access to licensed surgical facilities. This difference is not merely one of opinion of one applicant versus the other; rather, it is clear from multiple independent parties that the need extends beyond the pediatric population:

- Dr. Mark Casey, Dental Director of the NC Division of Medical Assistance, who requested the availability of the facility to patients of all ages, as noted in the petition to the State Health Coordinating Council (SHCC) from KSA[1];
- Piedmont Health, which serves thousands of adults in need of access to licensed surgical facilities for dental cases requiring sedation;
- Advance Community Health, which serves patients of all ages in need of access to licensed surgical facilities for dental cases requiring sedation;
- The scores of dentists supporting the applications of SCDP of Charlotte and its sister facilities in Raleigh, Greenville, and Asheville who plan to perform hundreds and hundreds of adult cases per year;
- The North Carolina Board of Dental Examiners, which recently proposed new stricter rules for dentists using general anesthesia and sedation, which will effectively lower the number of general dentists who are allowed to perform sedation cases in their offices;
- CCAD's consultant, who authored language in the petition to the SHCC which stated, "Children are only part of the need…Data on the percent of adults who need oral surgery are not easily found[2];"

Most importantly, the SHCC itself rejected the concept proposed by KSA, which sought to limit the facilities to pediatric patients, but instead approved the need for facilities to serve both adults and pediatric patients. As stated in the *2016 State Medical Facilities Plan* (*2016 SMFP*), the applicants "*shall provide the projected number of patients … broken down by age (under 21, 21 and older)*" with the stated rationale of "*Access: Requiring service to a wide range of patients promotes equitable access to the services provided by the demonstration project facilities*" (emphasis added, Table 6D).

In fact, CCAD argues in its application that the dental surgery center projects should, in fact, largely be limited to pediatric patients and not a wide range of patients as required by the *2016 SMFP*, stating, "[t]*he need for dental operating rooms in the identified service areas is not entirely limited to pediatrics. However, as this application demonstrates, the majority of need is associated with the pediatric population*" (page 55). This is a clear disagreement with the requirement for a wide range of access by the dental ambulatory

---

1 https://www2.ncdhhs.gov/dhsr/mfp/pets/2015/acs/0803_cumberland_dor_petition.pdf at page 3.

2 https://www2.ncdhhs.gov/dhsr/mfp/pets/2015/acs/0803_wake_dor_petition.pdf at page 8.

surgery center demonstration projects. SCDP of Charlotte believes the opposite is true: pediatric dentists have access to existing licensed facilities, while the need for dental surgery for adults is not met by hospitals and ambulatory surgery centers. As noted in SCDP of Charlotte's application, "*unlike a large majority of general dentists or other dental subspecialties, pediatric dentists must complete a required two to three year residency for training specific to providing care to patients in an operating room setting with the aid of an anesthesiologist. As a practical matter due to this distinction in training, while some hospitals do extend privileges to general dentists who have general practice residency training, hospital bylaws generally include provisions to permit the privileging of pediatric dentists, but exclude general dentists and other dental subspecialties*. (page 19). As such, pediatric dentists are able to attain privileges for surgery in licensed settings while a large majority of general dentists and other dental professionals do not currently have such access which precludes the ability to care for their adult patients in those settings.

Moreover, CCAD's assertion that few adults require care in a licensed facility is not supported. First, Valleygate Dental Surgery Center of Raleigh, which shares owners with CCAD, submitted a certificate of need application for a dental single specialty ambulatory surgical facility demonstration project in Region 1 and assumed that its largest referral source will be WakeMed, which provides 22 percent of its dental surgery cases to adults (please see Surgical Center for Dental Professionals of Raleigh's comments on VDSCR). Thus, KSA is or should be aware that current providers serve a substantial number of adult patients. Similarly, the organizations in the bulleted list above recognize the need for adult and pediatric patients. Finally, the North Carolina Board of Dental Examiners' focus on changing the rules for sedation is driven by a concern with safety in office settings for adults and children. Thus, CCAD's assertion that the majority of adults do not require access to the proposed dental surgery center is contrary to the Board's actions of addressing office-safety concerns as a reaction to two recent adult fatalities in North Carolina dental offices.

CCAD further limits access to its facility through the facility requirements for its practitioners by requiring "*that all of its dentists and oral surgeons who seek credentials at the facility either hold and maintain sedation permits with the North Carolina State Board of Dental Examiners or have completed an approved post-graduate dental residency program"* (page 28). While this requirement may be clinically necessary since CCAD does not require anesthesiologist coverage for all its cases, as SCDP of Charlotte does, it limits access to the facility. Only 500 of the 5,000 dentists statewide, or 10 percent hold a sedation permit. Based on its experience with the State Dental Board's credentialing process for sedation permits, SCDP of Charlotte firmly believes that there is nothing in the process of gaining a sedation permit that prepares a dentist to work around an anesthetized patient.[3] By contrast, SCDP of Charlotte's credentialing process and training will prepare the dental professionals who utilize its facility to work around an anesthetized

[3] In fact, as discussed below, the NC Board of Dental Examiners' website indicates that only five of the 13 dentists supporting the CCAD application currently have sedation permits.

patient far better than a dentist who only possesses a sedation permit, particularly as board-certified anesthesiologists, not CRNAs or the dental professional, will be responsible for the sedation and/or anesthesia of all patients at SCDP of Charlotte.

General dentists who lack this permit or have not sought residency training are able to expertly perform these cases and would be eligible to be credentialed at SCDP of Charlotte based on their expertise. SCDP of Charlotte will provide the anesthesiologist coverage so that general dentists can bring their patients to the surgery center and perform the case, ensuring continuity of care. Under CCAD's model, any dental professional that does not meet its requirements would be required to refer the case to another dental professional with access to the surgery center.

Again, CCAD's project is contrary to requirements for the demonstration project as outlined in the *2016 SMFP* which states that "[t]*he proposed facility shall provide open access to non-owner and non-employee oral surgeons and dentists"* with the stated rationale of "*Access: Services will be accessible to a greater number of surgical patients if the facility has an open access policy for dentists and oral surgeons" (*Table 6D). SCDP of Charlotte does not believe that a facility which limits access to approximately 10 percent of the dental providers in the state is an effective option for this demonstration project.

Further, CCAD's focus on pediatric patients served by pediatric dentists limits the project to dental professionals who already have access to licensed ambulatory surgery center settings today, as noted above. CCAD's project will not provide access to general dentists and other dental professionals who cannot attain privileges due to hospital by-laws.

Based on these issues, CCAD's application does not meet the requirements of the demonstration and should be found non-conforming with Criterion 1. As such, CCAD should be denied.

APPLICATION-SPECIFIC COMMENTS

CCAD's application should not be approved as proposed. SCDP of Charlotte identified the following specific issues, each of which contributes to CCAD's non-conformity:

(1) Unsupported methodology and assumptions for utilization;
(2) Unsupported methodology and assumptions for age and payor mix; and,
(3) Unreasonable financial projections.

Each of the issues listed above are discussed in turn below. Please note that relative to each issue, SCDP of Charlotte has identified the statutory review criteria and specific regulatory criteria and standards creating the non-conformity.

UNSUPPORTED METHODOLOGY AND ASSUMPTIONS FOR UTILIZATION

On pages 143-146 of its application under the heading "Part 1: Utilization Projections for Entire Facility", CCAD provides data that fails to support its utilization methodology.

On page 143 of its application, CCAD states "*Table IV.2 contains a list of dentists, excluding oral surgeons, in the eight county service area who have indicated interest in bring cases to CCAD . . . Please note that total cases these dentists expect to bring to the proposed facility exceeds the number of projected dental cases, even in the third year of operation. Because referrals promises from user dentists are estimates, the applicant chose to be conservative when projecting utilization.*" Following that CCAD provides a summary table of the estimated volume associated with these dental professionals:

Table IV. 2– Estimated Historical OR Volumes from CCAD Referral Sources

Dentists	Specialty	Cases
Scott Goodman, DDS	Pediatric	36
Paul S. Clarke, IV, DMD	Pediatric	12
Logan Webb, DDS	Pediatric	648
Trent C. Pierce, DMD	Periodontist	180
Robert Young, DDS	Pediatric	624
Marcela Mujica, DMD	Pediatric	192
David Moore, DDS	Pediatric	780
Carrie Dunlap, DDS	Pediatric	648
Mike Reimels, DDS	General	120
Oscar Mvula, DDS	Pediatric	300
Charles Cooke, DDS	Pediatric	192
Kerry Dove, DDS	Pediatric	72
Cordell Scott, DMD	Pediatric	216
Total		**4,020**

Source: Estimates provided by dentists who propose to utilize the facility.
Note: All of these proposed user dentists currently meet the training requirements in CCAD's credentialing criteria

SCDP of Charlotte believes that the estimated volumes provided by certain CCAD supporting dentists are incorrect, perhaps as a result of a misinterpretation of the

template letters of support provided by CCAD for the dentists signature. As shown in the table above, and provided in CCAD's Exhibit 25, Logan Webb, DDS signed a letter of support indicating she would perform 54 cases per month or 648 cases annually. Dr. Webb also signed a letter of support for SCDP of Charlotte as shown in Attachment 1 indicating that she would perform "1-5" cases per month at the ASC or 12 to 60 cases annually. Obviously, this is a significant difference for the same dentist. SCDP of Charlotte does not believe that Dr. Webb's practice would differ so significantly between the two proposed facilities. Rather, SCDP of Charlotte believes that Dr. Webb misinterpreted the template of support that she signed for CCAD and that, in fact, she would perform 54 cases annually, not 54 cases monthly, at CCAD. Under this assumption, Dr. Webb's letters of support for both CCAD (54 cases annually) and SCDP of Charlotte (12-60 cases annually) would be consistent.

SCDP of Charlotte's belief is supported by information in CCAD's own application which suggests that its template letters were misinterpreted when signed. Exhibit 25 includes Dr. Mike Reimels' letter of support excerpted below:

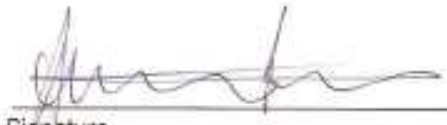
As a dental professional treating patients in the service area, I support the proposed project and will:

● Refer patients to the facility, averaging 15 to 20 cases per month.

○ Perform procedures at the facility, averaging 120 cases per month and meet the Criterion to be affiliated with the proposed ASC.

Please let me know if I can be of further assistance in your efforts.

Sincerely,



Signature

Dental Specialty: General Dentist Clinic – DrReimels University PLLC

As shown, the letter suggests that Dr. Reimels will refer 15-20 cases per month to the facility as well as perform 120 cases per month or 1,440 cases annually. Nonetheless, CCAD states in the summary table in its application, as shown above, that Dr. Reimels will perform only 120 cases annually which appears to be a correction of Dr. Reimels'

letter. This correction suggests that CCAD had reason to believe that Dr. Reimels misinterpreted the template letter of support.

Finally, SCDP of Charlotte believes that Dr. Webb's expected volume is much more likely to be 54 cases annually rather than 54 cases per month as that monthly total appears to be unrealistic. A review of each of the seven other applications aside from CCAD filed to date for dental ambulatory surgery centers statewide shows that no single dental professional expects to perform more than 30 cases per month at a dental ASC. This further supports the assumption that Dr. Webb's letter is incorrect. Moreover, three other dental professionals signed letters of support for CCAD indicating 52 to 54 monthly cases: Dr. Robert Young, Dr. David Moore, and Dr. Carrie Dunlap. SCDP of Charlotte believes it is reasonable to assume the expected cases provided in each of these letters also represent annual, not monthly estimates, given the factors described above.

Assuming that the letters from Drs. Webb, Young, Moore, and Dunlap provide annual volumes rather monthly volumes, CCAD's letters of support demonstrate 1,534 cases annually, a significantly lower number of cases that assumed in its application. The table below provides CCAD's volumes from its supporting dental professional as stated in its application and the revised volumes.

	Estimated Volume from Table IV.2 (page 144)	*Revised Volumes Based on Corrected Letters*
Scott Goodman, DDS	36	36
Paul S. Clarke IV, DMD	12	12
Logan Webb, DDS	648	54
Trent C. Pierce, DMD	180	180
Robert Young, DDS	624	52
Marcela Mujica, DMD	192	192
David Moore, DDS	648	54
Carrie Dunlap, DDS	648	54
Mike Reimels, DDS	120	120
Oscar Mvula, DDS	300	300
Charles Cooke, DDS	192	192
Kerry Dove, DDS	72	72
Cordell Scott, DMD	216	216
Total	**3,888**	**1,534**

As shown, the revised volumes associated with CCAD's supporting dental professionals are 1,534 cases annually or less than 40 percent of the volume assumed in its application. While CCAD states in its application that its volume projections are

conservative compared to the volume provided by its supporting dental professionals, this is not the case when those volumes are revised. CCAD states that its supporters "*expect to perform 4,020 cases under general anesthesia or sedation per year in the ASC. This represents approximately 29 percent of the 2015 need estimated in Section III.1.(b), Table III.13 (4,020 / 13,924 = 29%)*" (page 145). However, the revised volumes for these supporters represent only 11 percent of the 2015 estimate need (1,534 / 13,924 = 11 percent). This is important as CCAD assumes that it will achieve 17.5 to 22 percent market share of the estimated demand over its three years of operation:

Table IV. 3 – Forecast Percent of 8-County Need for Dental Surgery Cases in Operating Rooms Served in First Three Full Fiscal Years

2017	2018	2019	2020
17.5%	20.0%	21.0%	22.0%

See page 145.

In support of this assumed market share, CCAD states:

This forecast is reasonable and conservative:

- The estimated market share in 2015 that could be served by the dentists (except oral surgeons) proposing to use CCAD was 29 percent

Given that the revised volumes for these dentists only represent 11 percent of the market, this statement is no longer valid.

These referral estimates are the central driving assumption for its projected utilization. CCAD's cites these referral estimates in support of its projected market share and projected volumes.

CCAD also states in its application that its facility will serve "*patients classified as ASA class IV or lower*" (page 33). SCDP of Charlotte has significant concerns about the safety of treating patients classified as ASA III and IV outside of a hospital setting. As CCAD states on page 152, "[c]*lassification as ASA level III and IV means a patient must have severe systemic disease or the possibility of surgical complications.*" SCDP of Charlotte believes that CCAD's utilization projections are overstated based on the inclusion of ASA III and IV patients that would not be appropriate for care in an ambulatory surgery center.

Finally, as noted above, CCAD requires that "*that all of its dentists and oral surgeons who seek credentials at the facility either hold and maintain sedation permits with the North Carolina State Board of Dental Examiners or have completed an approved post-graduate dental residency*

program" (page 28). However, CCAD does not demonstrate that it notified its supporting dentists of these requirements. Exhibit 25 in CCAD's application includes a copy of CCAD's electronic communication soliciting support as excerpted below (see Paul Clarke's email of support in Exhibit 25 which is in reply to CCAD's solicitation).

On Tue, May 10, 2016 at 11:01 AM, <ajames@vfdental.com> wrote:

Dear Colleagues,

By now, you may have received emails regarding dental ambulatory surgery centers, some of which have asked you to "DocuSign" letters of support and/or show intent to bring patients to a proposed surgery center. Please be aware, multiple options exist.

Valleygate Dental Surgery Centers also proposes to establish dental surgery centers, but with a different scope from others seeking to do so. As a 31-year-old practice with over 40 dentists including 8 pediatric dentists and 3 oral surgeons, Valleygate's organizer, Knowles, Smith, McGibbon, Ryan, James, Patel & Associates LLP believes that the majority of demand for dental surgery under general anesthesia is in the pediatric and special needs population. However, we also recognize the need for an alternative to hospitals or multi-specialty ambulatory surgery centers (ASCs) for certain adult dental and oral surgery procedures. As a result, Valleygate is collaborating with the Carolinas Center for Oral and Facial Surgery to design the facility program and scope. The centers will provide for patients who meet the clinical qualifications for hospitals or ASCs. Our model will provide full time Anesthesiologists and CRNA staffing. A CMS-recognized accrediting body such as, AAAHC will certify facilities.

The most important thing for you to understand is that multiple options exist. We agree that the state of North Carolina is offering an important solution to operating room access problems. Because it's a one-time demonstration project, we think it should be done properly reflecting the needs of dental professionals, while preserving the integrity and respect of our profession in the public eye. The NC Dental Society has endorsed only our proposal, and the responsibility this caries is one we take very seriously. In the various areas of the state, only one facility will be approved, despite multiple applicants. Communication from other organizations seeking to establish surgery centers suggests that state CON approval hinges on letters of support from the dental community. In fact, state's decision to award a certificate of need to one applicant over another will hinge upon the viability of the project, the ability to serve true and measurable clinical need, and the ability to build a cost-effective and safe solution. Our stance is that we must build a facility that measurably improves access problems and will be administered by highly qualified clinicians specifically trained to treat patients under sedation and general anesthesia. Our proposal ensures that dentists remain good stewards of our fiscal responsibilities to the taxpayer as well as our ethical oaths to patient care and safety.

Valleygate seeks to form collaborative partnerships in the various regions of the state with no intent to control the entire state with these proposals. If you are interested in more information, please respond to this email and we will contact you personally. Just as all dental offices in this state are owned by dentists, Valleygate ASCs will be owned and managed by only North Carolina dentists. We are seeking to establish centers in Fayetteville, Raleigh, Charlotte, and the Triad area.

If the concept is of interest to you, but you prefer to remain neutral, please reply to this email and indicate your support for the concept and the number of patients you may bring or refer monthly.

Respectfully yours,

Anuj James, DDS

Valleygate Dental Surgery Centers

For your convenience, feel free to reply using the following format:

I support having a dental only surgical center in _____ (Charlotte, Triad, Fayetteville, or Raleigh)

I would refer _____ patients a month

I would do _____ procedures a month in the facility, if credentialed.

As shown, CCAD did not notify potential supporting dentists of its credentialing requirements in its letter of solicitation. As such, it is unclear whether its supporting dentists would or could meet these requirements. If they do not meet these requirements, they would be unable to perform cases in the ASC as proposed.

CCAD states in a note under Table IV.2 that "[a]*ll of these proposed user dentists currently meet the training requirements in CCAD's credentialing criteria*" (page 144). However, data from the North Carolina Dental Board and summarized in the table below casts doubt on this statement. According to the North Carolina Dental Board records (see Attachment 2), only five of CCAD's 13 supporting dentists have a sedation permit.

	Anesthesia Permit	*Sedation Permit*
Scott Goodman, DDS	No	No
Paul S. Clarke IV, DMD	No	No
Logan Webb, DDS	No	No
Trent C. Pierce, DMD	No	Yes
Robert Young, DDS	No	Yes
Marcela Mujica, DMD	No	No
David Moore, DDS	No	Yes
Carrie Dunlap, DDS	No	No
Mike Reimels, DDS	No	No
Oscar Mvula, DDS	No	No
Charles Cooke, DDS	No	Yes
Kerry Dove, DDS	No	Yes
Cordell Scott, DMD	No	No
Total	**0**	**5**

While the pediatric dentists are likely to have completed a post-graduate dental residency program, CCAD has not demonstrated this is the case for its supporting general dentists. Further, the lack of a sedation permit would preclude these dentists from directing CRNAs. In order to legally direct a CRNA during a procedure, as CCAD proposes will occur in its treatment rooms, the dentist must have a permit equal to or greater than the CRNA. Thus, the eight CCAD supporting dentists that lack permits would be unable to direct CRNAs. Given these factors, it is unclear whether these supporting dentists could practice at CCAD given its credentialing requirements, which results in a lack of support for its utilization projections.

CCAD has not demonstrated the need for the proposed project and its application should be found non-conforming with Criteria 3, 4, 5, and 12. As such, CCAD should be denied.

UNSUPPORTED METHODOLOGY AND ASSUMPTIONS FOR AGE AND PAYOR MIX

CCAD's projections for the percent of patients by age group and by payor class are unsupported and unreasonable. As CCAD states on page 191 of its application, it

determined the number of children and adult cases in year two by multiplying its "*total projected dental cases served in year two from Table IV.9 by the estimated percent of persons over 21 (adults) in year two from Table IV.10 (8.82 percent).*" As shown in Table IV.10 on page 151, the 8.82 percent figure is the percentage of total Medicaid statewide dental anesthesia cases in hospitals and ASCs that were over 21 years of age. CCAD assumes that the age mix of its patients, which are specific to its proposed service area, will be identical to the age mix of Medicaid patients statewide. This is unreasonable. CCAD provides no information to indicate that its age mix will be identical to that of the Medicaid population statewide. CCAD provides no information to indicate that the age mix of patients in the Mecklenburg County area is identical to the Medicaid population statewide.

Similarly, CCAD's assumed percentages of charity care and self pay patients are based on statewide data:

> *The 3.2* [sic] *percent charity and 1.6 percent self pay is an estimate derived by from* [sic] *US Census information. According to the US Census Bureau, 5.2 percent of North Carolinians under 18 are uninsured. Census data also shows that roughly 70 percent of uninsured individuals live in households with incomes below $50,000. Assume that charity percentage for the under 21 patients to be 70 percent of 5.2 (5.2 * 70% = 3.64). Assume the remainder is non charity, self-pay (5.2 – 3.6 = 1.6)*
>
> See page 192.

CCAD again assumes that its patient population, which is specific to its proposed service area, will be identical to the statewide population. CCAD further assumes that the percent of the state population without healthcare insurance (the uninsured) is equal to percent of state population without dental insurance. In fact, dental insurance is not as commonly held by patients as healthcare insurance. Therefore, patient payor mix for dental patients is different than for service covered by healthcare insurance, particularly with regard to self-pay patients who have the financial means to pay for dental care and choose to do so out-of-pocket. CCAD does not provide information to indicate that the percentage of patients without dental insurance in Mecklenburg County is identical to percentage of patients without healthcare insurance statewide and that its self-pay assumptions are reasonable.

As the projected age and payor mix is unreasonable, CCAD's financial projections are also unreasonable.

Of note, CCAD's application does provide assumptions for the charity care and self-pay patients separately whereas previous applications submitted by Knowles, Smith & Associates for dental ambulatory surgery centers in Raleigh (J-11175-16) and

Fayetteville (M-11176-16) that are currently under review failed to provide both charity care and self-pay data. SCDP of Charlotte believes that the failure in these prior applications to provide charity care and self-patients separately demonstrates non-conformity with Criteria 5 and 13(c) in addition to non-conformity with the dental single specialty ambulatory surgical facility demonstration project criteria. CCAD's inclusion of this information should be regarded as confirmation that Knowles, Smith & Associates also believes that its prior applications are non-conforming.

Further, CCAD's application states that the "*Single Specialty Dental Demonstration Project Criterion #10 requires that applicant provides* [sic] *a breakdown of the projected number of patients for the first three full federal fiscal years of the project*" (page 196). Neither VDSCR nor VDSCF provided this information. CCAD's clear acknowledgement of this requirement demonstrates that VDSCR and VDSCF failed to provide required information and should be found non-conforming.

CCAD has not demonstrated that its age mix, payor mix, or financial assumptions are supported and its application should be found non-conforming with Criteria 5 and 13(c), and should not be used to show comparative superiority or conformity with the dental single specialty ambulatory surgical facility demonstration project. As such, CCAD should be denied.

UNREASONABLE FINANCIAL PROJECTIONS

CCAD proposes to provide ancillary services to the dental surgery cases, including crowns and panorex x-ray. CCAD discusses the use of crowns on page 68 as part of the treatment of early childhood caries (ECC), which CCAD proposes to address at its facility and states on page 38 that it will provide panorex X-ray. The equipment list in Section VIII, page 210 of the application includes X-ray equipment. However, the CCAD's pro forma financial statements contain no revenue or expenses associated with these services. CCAD includes an assumption for average charge on page 255 which includes a facility fee and anesthesia charge with no discussion of crowns or panorex images. As discussed in the assumptions within SCDP of Charlotte's pro forma financial statements, crowns (based on reimbursement for the supplies used by dental professionals), X-rays, and panorex images are included as other revenue and are billed separately from the bundled charge. SCDP of Charlotte's dental supplies expenses includes all supplies associated with its cases. Therefore, CCAD fails to demonstrate that the financial projections are based on reasonable assumptions and it should be found non-conforming with Criterion 5. Moreover, given the differences in the range of ancillary services provided by the two applicants, as well as the lack of information in the CCAD application regarding the revenue and expenses for the crowns and images it proposes to provide, the applications cannot be appropriately compared with regard to revenue and expenses.

Of note, CCAD's assumed reimbursement differs significantly from prior information submitted by its owner, KSA, in the VDSCR and VDSCF applications. The table below compares the average net revenue which includes facility and anesthesia charges for procedure rooms for CCAD, VDSCR, and VDSCF in project year two. Please note that no oral surgery cases are provided in procedure rooms in any of these projects, thus the table below provides an accurate comparison of procedure room charges and reimbursement. Further, no inflation is assumed in revenue per case in any of the applications, which also supports the accuracy of this comparison.

	VDSCR	*VDSCF*	*CCAD*	*CCAD % Difference from VDSCR*	*CCAD % Difference from VDSCF*
Net Revenue and Other Revenue for Procedure Room Cases	$498,446	$1,121,126	$838,877		
Projected # of Procedure Room Cases	706	1,662	947		
Average Net Revenue per Procedure Room Case	**$706**	**$675**	**$886**	**25.5%**	**31.3%**

Source: VDSCR, Procedure Room Form C, page 208; VDSCF, Procedure Room Form C, page 231; CCAD, Procedure Room Form C, page 246.

As shown above, CCAD projects 25 to 31 percent higher reimbursement per procedure room case than two dental surgery center projects previously submitted by CCAD's owner, KSA. CCAD provides no discussion of why its reimbursement would be so much greater than these two other facilities.

Similarly, CCAD projects significantly higher reimbursement for dental surgery in operating rooms. As shown on page 256 and excerpted below, CCAD provides operating room dental surgery reimbursement by payor class:

Combined Anesthesa + Facility Fee Gross and Net Revenue by Payer

	OMS Volumes Year Three	Dental Volumes Year Three	Gross Revenue	Average Charge (c)	Dental Reimbursement (a)
Charity	7	115	$ 211,440	$ 1,739	$ 75
Self Pay	3	49	$ 90,617	$ 1,739	$ 800
Medicare	-	-	$ -		$ -
Medicaid	12	2,568	$ 4,143,081	$ 1,612	$ 735
Commercial	132	339	$ 1,071,363	$ 2,272	$ 1,500
Managed Care	-	-	$ -		$ -
Military	0	16	$ 27,022	$ 1,647	$ 1,089
Total	155	3,077	$ 5,543,523		

Based on the assumed dental reimbursement per payor and the projected operating room dental volumes, CCAD projects $797 in net revenue per operating room dental surgery case as calculated below.

	Dental Surgery Volume	*Dental Surgery Reimbursement per Case*	*Total Reimbursement*
Charity	115	$75	$8,625
Self Pay	49	$800	$39,200
Medicaid	2,558	$735	$1,880,130
Commercial	339	$1,500	$508,500
Military	16	$1,089	$17,424
Total	**3,077**	**$797**	**$2,453,879**

By comparison, VDSCR and VDSCF project only $698 and $676 net revenue per dental surgery operating room case as shown below.

	VDSCR	*VDSCF*	*CCAD*	*CCAD % Difference from VDSCR*	*CCAD % Difference from VDSCF*
Net Revenue and Other Revenue for Operating Room Cases	$1,352,085	$1,269,457	$2,453,879		
Projected # of Procedure Room Cases	1,938	1,879	3,077		
Average Net Revenue per Operating Room Case	**$698**	**$676**	**$797**	**14.3%**	**18.0%**

Source: VDSCR, Operating Room Form C, page 205; VDSCF, Operating Room Form C, page 228; CCAD, from dental surgery operating room case reimbursement assumptions on page 256, calculations in prior table.

As such, CCAD projects 14 to 18 percent higher reimbursement per operating room dental surgery case than VDSCR and VDSCF, respectively. CCAD provides no discussion of why its reimbursement would be so much greater than these two other facilities.

Of note, SCDP of Charlotte's communications with Dr. Mark Casey, Dental Director of the NC Division of Medical Assistance have indicated a Medicaid reimbursement rate for dental ambulatory surgery facility to be consistent with CCAD's assumed reimbursement of $736 per Medicaid case. VDSCF and VDSCR's application assume Medicaid reimbursement to be $175 per case. It is unclear whether the owners of CCAD recognized that projected Medicaid reimbursement for VDSCF and VDSCR was is unreasonably low. At any rate, CCAD provides no explanation for that change in this application.

Finally, SCDP of Charlotte could not accurately compare CCAD's gross revenue per operating room or procedure room case to these two prior projects because CCAD's gross charges includes an anesthesia charge and VDSCR and VDSCF's gross charges do not included anesthesia. In the VDSCR and VDSCF financial statements, anesthesia revenue is included as other revenue (after deductions and net patient revenue on the income statement) which is only reimbursement and not the associated charge.

CCAD has not demonstrated that its financial projections are reasonable and its application should be found non-conforming with Criterion 5 nor can they be used to show comparative superiority. As such, CCAD should be denied.

GENERAL COMPARATIVE COMMENTS

The CCAD and SCDP of Charlotte applications each propose to develop a dental single specialty ambulatory surgical facility demonstration project in Region 2 in response to the *2016 SMFP* need determination. SCDP of Charlotte acknowledges that each review is different and therefore, that the comparative review factors employed by the Project Analyst in any given review may be different depending upon the relevant factors at issue. Given the nature of the review, the Analyst must decide which comparative factors are most appropriate in assessing the applications.

In order to determine the most effective alternative to meet the identified need determination, SCDP of Charlotte reviewed and compared the following factors in each application:

- Conformity with the Need Determination
- Documentation of Dental Professional Support
- Quality of Care
- Access for Health Professional Training Programs
- Access by Underserved Groups
- Revenue
- Operating Expenses

SCDP of Charlotte believes that the factors presented above and discussed in turn below should be considered by the Analyst in reviewing the competing applications.

<u>Conformity with the Need Determination</u>

The application submitted by CCAD is non-conforming to the need determination in the *2016 SMFP* for a dental single specialty ambulatory surgical facility demonstration

project in Region 2. In contrast, the application submitted by SDCP of Charlotte is conforming to the need determination.

The need determination identifies 11 criteria. Of note, CCAD is non-conforming with at least four of those criteria as discussed below.

#	*Criterion*	*CCAD*	*SCDP of Charlotte*
2	**The proposed facility shall provide open access to non-owner and non-employee oral surgeons and dentists**	Non-conforming	Conforming

As discussed above, CCAD will not provide open access to non-owner and non-employee oral surgeons and dentists. By its own statements in the application, CCAD's "*particular focus will be patients of pediatric dentists*" (page 31).

This focus means that other oral surgeons and dentists will have less access. There can be no other interpretation.

Further, CCAD's focus on pediatric patients served by pediatric dentists limits the project to dental professionals who already have access to licensed ambulatory surgery center settings today. As noted in SCDP of Charlotte's application, "*unlike a large majority of general dentists or other dental subspecialties, pediatric dentists must complete a required two to three year residency for training specific to providing care to patients in an operating room setting with the aid of an anesthesiologist. As a practical matter due to this distinction in training, while some hospitals do extend privileges to general dentists who have general practice residency training, hospital bylaws generally include provisions to permit the privileging of pediatric dentists, but exclude general dentists and other dental subspecialties*. (page 19). As such, a large majority of general dentists and other dental professionals do not currently have access to hospital-based operating rooms. CCAD's project will not provide access to these dentists.

CCAD further limits access to its facility for general dentists: "*CCAD will not permit general dentists who lack specific training or a sedation permit to perform dental surgery at its facility*" (page 30). CCAD also states it will require "*all of its dentists or oral surgeons who seek credentials at the facility either hold and maintain sedation permits with the North Carolina State Board of Dental Examiners or have completed an approved post-graduate dental residency program*" (page 28).

Although this requirement may be clinically necessary since CCAD does not require anesthesiologist coverage for all its cases, as SCDP of Charlotte does, it limits access to the facility. Only approximately 500 of the 5,000 dentists statewide, or only 10 percent, hold sedation permits. General dentists who lack this certification are able to expertly perform these cases and would be eligible to be credentialed at SCDP of Charlotte based

on their expertise and not based on sedation certification. SCDP of Charlotte will provide the anesthesiologist coverage so that general dentists can bring their patients to the center and perform the case, ensuring continuity of care. Under CCAD's model, any dental professional without the certification would be required to refer the case to another dental professional with access to the center.

CCAD's application does not meet the requirements of Criterion 2-Demonstration Project. As such, CCAD is comparatively inferior to SCDP of Charlotte.

#	*Criterion*	*CCAD*	*SCDP of Charlotte*
6	**The proposed facility shall provide care to underserved dental patients, including provision of services to charity care patients and Medicaid recipients equal to at least three percent and 30 percent, respectively, of its total patients each year**	Non-conforming; 3.76% Charity Care and 79.53% Medicaid projected (page 191)	Conforming; 4.5% Charity Care and 51.5% Medicaid projected (page 174)

Based on the data presented in the applications, CCAD projects a higher percentage of total Medicaid patients and a lower percentage of total charity care patients.

As discussed above, CCAD's proposed payor mix is based on unsupported assumptions. As noted above, CCAD's projections for patients by age group are unsupported, therefore, their Medicaid payor mix projections are unsupported. Further, CCAD's projections for charity care are based on statewide healthcare insurance rates, not dental insurance rates.

Even if CCAD's unsupported payor mix was accepted, the differences in patient population between the two facilities makes a comparison unreasonable, particularly, for Medicaid. As noted throughout these comments, CCAD's primary focus is pediatric dental surgery on pediatric patients. CCAD projects 91.2 percent of its total cases to be pediatric patients whereas SCDP of Charlotte projects 34.5 percent. This difference in patient population results in differences in payor mix, and, as will be discussed later, revenues and expenses. As such, a reasonable comparison cannot be made.

CCAD's application does not meet the requirements of Criterion 6-Demonstration Project. As such, CCAD is comparatively inferior to SCDP of Charlotte.

#	*Criterion*	*CCAD*	*SCDP of Charlotte*
10	**For each of the first three full federal fiscal years of operation, the applicant(s) shall provide the projected number of patients for the following payor types, broken down by age (under 21 or 21 and older): charity care,**	Non-conforming	Conforming

	Medicaid, TRICARE, private insurance, self-pay, and payment from other sources		

As discussed above, CCAD's proposed payor mix is based on unsupported assumptions. **CCAD's application does not meet the requirements of Criterion 10-Demonstration Project. As such, CCAD is comparatively inferior to SCDP of Charlotte.**

Please note that SCDP of Charlotte does not believe that the applicants in this review should be compared based on the percentage or number of patients by age group, with preference given to pediatric patients. The SHCC specifically rejected KSA's petition for a pediatric-only demonstration project and approved the need determination which clearly states preferences for open-access to all dental professionals and access to a wide range of patients (see the Basic Principle and Rationale for Criterion 2 and Criterion 10-Demonstration Project). There is simply no interpretation of the dental single specialty ambulatory surgical facility demonstration project that would result in a preference for pediatric patients over adults.

#	*Criterion*	*CCAD*	*SCDP of Charlotte*
11	**The proposed facility shall demonstrate that it will perform at least 900 surgical cases per operating room during the third full federal fiscal year of operation. The performance standards in 10A NCAC 14C .2013 would not be applicable**	Non-conforming	Conforming

As discussed above, CCAD's utilization assumptions are unsupported.

CCAD's application does not meet the requirements of Criterion 11-Demonstration Project. As such, CCAD is comparatively inferior to SCDP of Charlotte.

Documentation of Support

SCDP of Charlotte is superior to CCAD in terms of dental professional support. On page 112 of its application, SCDP of Charlotte provides a list of 25 individual dental professionals in the Charlotte area in support of its project (eight committed to perform performing at, or refer cases to, the facility, and 17 supported the project, and in some cases expressed interest in investing in it).

In Exhibit 25 of its application, CCAD provides a list of 16 pediatric dentists and oral surgeons in support of its project. As noted in the Unsupported Methodology and Assumptions for Utilization section above, there are issues with CCAD's assumptions

regarding its dental professionals. SCDP of Charlotte has superior support from the community.

Additionally, as evidenced in Attachments 3 and 4, CCAD has clearly and intentionally misled individuals in the dental community in order to garner support for its projects. In an electronic communication sent to dental professionals across the state, Anuj James, a member of KSA and owner of the proposed CCAD, states with emphasis that "[t*]he NC Dental Society has endorsed only our proposal, and the responsibility this caries* [sic] *is one we take very seriously*" (Attachment 3). **This statement is false**. The North Dental Society did not endorse Valleygate's proposals. When the NC Dental Society was made aware of this falsehood, the NC Dental Society and Valleygate sent electronic communications retracting the statement. Anuj James' email on May 13, 2016 states "[w]*e are writing to clarify a misstatement in that e-mail. While the North Carolina Dental Society supports the concept of a demonstration project for a single specialty dental ambulatory surgery center, they have not endorsed Valleygate's proposal. We apologize for the inaccuracy of our previous email*" (see Attachment 4). The North Carolina Dental Society's email on May 16, 2016 states "[w]*e just learned that one of the CON applicants, Valleygate Dental Surgery Centers, inaccurately claimed in emails variously dated May 10 and May 11 that the NCDS has endorsed its CON application. This is simply not the case, and we asked Valleygate Surgery Centers to stop making such a claim and issue a retraction to all of the recipients of its emails"* (see Attachment 5).

Exhibit 25 includes at least one letter of support that is in response to the electronic communication by KSA that included this false statement. Given the record of CCAD's owners, it is unclear whether any of the support for these projects is reliable. As shown in Attachment 6, Virginia Jones emailed one dental professional and stated that the financials in the CON are not the "true numbers." It is possible that CCAD has misled other dental professionals in verbal conversations or other electronic communications that have not yet been discovered to be misleading, in order to garner support for their applications.

It is clear from the support of SCDP of Charlotte, that its proposal is supported by the dental professional community. As noted, above, CCAD does not provide open access to dental professionals, as required by **Criterion 2-Demonstration Project**. By comparison, SCDP of Charlotte provides open access to dental professionals and is seeking much broader ownership which has resulted in support from dental professionals in the community.

In summary, SCDP of Charlotte is superior to CCAD in terms of support.

Please note that the Agency has historically included support as a comparative factor as shown in Attachment 7 which includes an excerpt from the 2011 Wake County Acute Care Bed review.

Quality of Care

CCAD will utilize contract CRNAs under supervision of the dental anesthesiologists. By contrast, SCDP of Charlotte will use only licensed anesthesiologists in the ASC rather than certified registered nurse anesthetists in order to ensure the highest level of quality, safety, and patient-centric care possible. Access to a licensed facility with board certified anesthesiologists increases the safety and efficiency of surgical cases requiring sedation.

CCAD proposes to develop dental treatment suites. These rooms will be inherently less safe due to lack of an anesthesiologist. As CCAD states on page 33, "[t]*he applicant will staff procedures in these rooms with a CRNA under the supervision of the performing dentist. Either the CRNA or dentist will be with all sedated patients in the treatment rooms, regardless of the level of sedation*." Many light sedations start easily but can often become complicated with intra-operative issues. The inability to convert to a general anesthetic increases the risk and the lack of an anesthesiologist makes the sedation risks fall fully on a dentist who does not have the training of a medical anesthesiologist. This is provides no increase in safety compared to the current practices in North Carolina which allow a credentialed dentist to provide sedation in their offices. By contrast, SCDP of Charlotte will use only licensed anesthesiologists for all cases at its facility. As noted above, the North Carolina Board of Dental Examiners is addressing office-safety concerns as a reaction to two recent adult fatalities in North Carolina dental offices.

CCAD proposes to develop two operating rooms, two procedure rooms, and one active dental treatment suite, or five rooms in total. As shown in Table VII.7 of its application on pages 198-202, CCAD pre-, post-, and operating room staff includes 2.27 FTE RNs and 0.55 dental assistants or 2.82 FTEs in total excluding CRNAs. This results in a ratio of 0.56 FTEs per room (0.56 = 2.82 FTEs ÷ five rooms).

CCAD Dental Case Staffing

	Pre-	*Post-*	*OR*	*Total*
RN	1.13	1.13		2.27
Surgical Technician			0.55	0.55
Total	**1.13**	**1.13**	**0.55**	**2.82**
# of Rooms				**5**
FTEs per Room				**0.56**

Source: CCAD application pages 198-202.

By contrast, SCDP of Charlotte proposes to develop two operating rooms and two procedure rooms, or four rooms in total. As shown in Table VII.7 on page 183 of SCDP of Charlotte's application, pre-, post-, and operating room staff includes 1.5 FTE RNs,

1.5 FTE Dental Assistant I and 2.0 FTE Dental Assistant II or 5.0 FTEs in total. This results in a ratio of 1.25 FTEs per room (5.0 FTEs ÷ four rooms).

SCDP of Charlotte Dental Case Staffing

	Pre-	*Post-*	*OR*	*Total*
RN		0.50	1.00	1.50
Dental Assistant I	1.00	0.50		1.50
Dental Assistant II	0.50	0.50	1.00	2.00
Total	**1.50**	**1.50**	**2.00**	**5.00**
# of Rooms				**4**
FTEs per Room				**1.25**

Source: SCDP of Charlotte application page 183.

Both CCAD and SCDP of Charlotte will permit the dental professionals performing cases to bring their own dental assistants to assist. Given the analysis presented above, SDCP of Charlotte is superior to CCAD by providing facility staff in each room which will ensure quality of care and efficiency of service. By contrast, CCAD's staff will be required to cover two to three rooms each. Of note, these differences in staffing also affect the comparability of SCDP of Charlotte's and CCAD's expenses per case.

As noted above, CCAD also states in its application that its facility will serve "*patients classified as ASA class IV or lower*" (page 33). SCDP of Charlotte has significant concerns about the safety of treating patients classified as ASA III and IV outside of a hospital setting. As CCAD states on page 152, "[c]*lassification as ASA level III and IV means a patient must have severe systemic disease or the possibility of surgical complications.*" SCDP of Charlotte believes this risk is further exacerbated by CCAD's lower levels of staffing, its use of CRNAs, and its policy of permitting dentists to direct sedation on their own cases.

In summary, SCDP of Charlotte is superior to CCAD in terms of quality of care based on its provision of board certified anesthesiologists, with documented support, overseeing all cases and adequate clinical staff to support the number of rooms and cases proposed.

Access for Health Professional Training Programs

The following table illustrates each applicant's support from clinical training programs based on letters of support from each program included in the submitted certificate of need applications.

	CCAD	*SCDP of Charlotte*
ECU School of Dental Medicine	Yes	Yes
UNC Department of Oral and Maxillofacial Radiology		Yes
UNC Department of Oral Pathology		Yes
3D Dentists		Yes
LSU Health New Orleans	Yes	
Total	**2**	**4**

Based on the letters of support provided in the applications, **SCDP of Charlotte has two more letters of support from health professional training programs.**

Access by Underserved Groups

The following table illustrates the projected percentage of total cases to be provided to Medicaid recipients in the second operating year, as reported in Section VI.14 of each application. Of note, neither applicant projects Medicare patients, as Medicare does not provide dental care coverage.

	CCAD	*SCDP of Charlotte*
Percent of Total Cases to be Performed on Medicaid Recipients	79.6%	51.5%
Percent of Under 21 Cases to be Performed on Medicaid Recipients	84.5%	33.3%
Percent of 21+ Cases to be Performed on Medicaid Recipients	32.1%	61.0%

Based on the data presented in the applications, **CCAD projects a higher percentage of Medicaid patients for patients under 21 years of age and SCDP of Charlotte projects a higher percentage of Medicaid patients for patients 21 years and older.**

As discussed above, CCAD's proposed payor mix is based on unsupported assumptions. Further, statements made prior to the submission of CCAD's application by KSA's Chief Operating Officer, Virginia Jones, indicate that the projected payor mix for the project is unreasonable. Specifically, Ms. Virginia Jones, stated in her email included in Attachment 6 that the CON financial projections for a dental ASC were "*EXTREMELY conservative, assuming 95 percent Medicaid, 5% charity, and a very low reimbursement rate*." (emphasis in original). Ms. Jones continues by indicating that these numbers are not the actual numbers they have or expect by saying, "*If the center can make it with these numbers, then the true numbers we have and believe we can accomplish are easily met*." (emphasis added). These statements indicate that CCAD's owners have other "true" financial projections that would provide a different comparison to SCDP of

Charlotte's application. Based on these factors, the projected payor mix shown in the application cannot be used as a basis for comparison.

Revenues

The following table illustrates each applicant's projected total gross revenue per case in the second year of operation, 2019.

	CCAD	*SCDP of Charlotte*
Gross Revenue for Total Cases	$5,294,773	$5,669,846
Projected # of Cases	3,087	2,893
Average per Case	$1,715	$1,960

Based on the data presented in the applications, CCAD projects lower gross revenue per case than SCDP of Charlotte. However, CCAD and SCDP of Charlotte's gross revenue per case statistics are not comparable for multiple reasons as discussed below.

The following tables illustrate each applicant's projected total revenue (net patient revenue) per case in the second year of operation, 2019.

	CCAD	*SCDP of Charlotte*
Net Revenue and Other Revenue for Total Cases	$2,811,655	$3,799,326
Projected # of Cases	3,087	2,893
Average per Case	$911	$1,313

Based on the data presented in the applications, CCAD projects lower total revenue per case than SCDP of Charlotte. However, CCAD and SCDP of Charlotte's total revenue per case statistics are not comparable for multiple reasons, as detailed below.

First, as noted above, CCAD's gross revenue and net revenue assumptions are not consistent with previous assumptions provided by KSA. Given these inconsistencies, SCDP of Charlotte believes CCAD's assumptions are unsupported.

Second, CCAD's pro forma statements do not include any gross revenues, net revenues, or expenses associated with crowns, X-rays, or panorex images, as noted above. By comparison, SCDP of Charlotte's gross revenues, net revenues, and expenses include crowns (based on reimbursement for the supplies used by dental professionals), X-rays, and panorex images.

Third, statements made prior to submission of CCAD's application by KSA's Chief Operating Officer, Virginia Jones, indicate that the projected payor mix and revenues

for the project is unreasonable. Specifically, Ms. Virginia Jones, stated in her email included in Attachment 6 that the CON financial projections for a dental ASC were "*EXTREMELY conservative, assuming 95 percent Medicaid, 5% charity, and a very low reimbursement rate*." (emphasis in original). Ms. Jones continues by indicating that these numbers are not the actual numbers they have or expect by saying, "*If the center can make it with these numbers, then the true numbers we have and believe we can accomplish are easily met*." (emphasis added). These statements indicate that CCAD's owners have other "true" financial projections that would provide a different comparison to SCDP of Charlotte's application. Based on these factors, the projected payor mix shown in the application cannot be used as a basis for comparison.

Finally, the differences in patient population between the two facilities makes a comparison unreasonable. As noted throughout these comments, CCAD's primary focus is pediatric dental surgery surgery on pediatric patients. CCAD projects 91.2 percent of its total cases to be pediatric patients whereas SCDP of Charlotte projects 34.5 percent. This difference in patient population results in differences in the revenues. The revenue (and expense) of restoring permanent teeth is greater than primary teeth (or "baby teeth") based on the instruments and supplies required. As such, a reasonable comparison cannot be made.

Expenses

The following table illustrates each applicant's projected total expenses per case in the second year of operation, 2019.

	CCAD	***SCDP of Charlotte***
Total Expenses for Total Cases	$2,411,835	$2,994,124
Projected # of Cases	3,087	2,893
Average per Case	$781	$1,035

Based on the data presented in the applications, CCAD projects lower total expenses per case than SCDP of Charlotte. However, CCAD and SCDP of Charlotte's total expenses per case statistics are not comparable for multiple reasons as discussed below.

First, CCAD's pro forma statements do not include any expenses associated with crowns, X-rays, or panorex images, as noted above. By comparison, SCDP of Charlotte's expenses include crowns, X-rays, and panorex images.

Second, statements made during the public comment period by CCAD's Chief Operating Officer, Virginia Jones, indicate that the projected financial statements for the project are unreasonable.

Further, as noted above, CCAD provides an inferior level of staffing for its rooms in comparison to SCDP of Charlotte.

Finally, the differences in patient population between the two facilities makes a comparison unreasonable, particularly, for Medicaid. As noted throughout these comments, CCAD's primary focus is pediatric dental surgery surgery on pediatric patients. CCAD projects 91.2 percent of its total cases to be pediatric patients whereas SCDP of Charlotte projects 34.5 percent. This difference in patient population results in differences in the expenses. The revenue (and expense) of restoring permanent teeth is greater than primary teeth (or "baby teeth") based on the instruments and supplies required.

As such, a reasonable comparison cannot be made.

SUMMARY

As noted previously, SCDP of Charlotte maintains that the CCAD application cannot be approved as proposed. As such, SCDP of Charlotte maintains that it has the only approvable applications based on its comments. Based on its comparative analysis, SCDP of Charlotte believes that its application represents the most effective alternative for meeting the need identified in the *2016 SMFP* for a dental single specialty ambulatory surgical facility demonstration project in Region 2. As such, the Agency can and should approve SCDP of Charlotte.

Attachment 1

June 15, 2016

Ms. Martha Frisone, Assistant Chief, Certificate of Need
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing this letter as a local dentist in support of Surgical Center for Dental Professionals of Charlotte's certificate of need application to develop a freestanding ambulatory surgery center dedicated to the provision of dental procedures for patients requiring sedation. The proposed dental ASC will enable the dental professionals in our community to perform dental procedures with sedation in a state-of-the-art facility committed to the highest of quality and safety standards. I hereby document my support for Surgical Center for Dental Professionals of Charlotte's project as follows:

☒ I fully support the proposed project and will refer patients to the facility.

☒ I fully support the proposed project and am interested in becoming an investor/owner in the ASC.

☒ I fully support the proposed project and expect to perform 1-5 cases at the ASC per month once the facility is operational. I understand that as a requirement of the CON process, I will be required to establish or maintain hospital staff privileges with at least one hospital and to begin or continue to meeting Emergency Department coverage responsibilities with at least one hospital, as state law and hospital by-laws permit, and I agree to do so. I look forward to working with Surgical Center for Dental Professionals to provide them with information about my patients that will be helpful in planning the proposed ASC.

  ☒ I currently have active hospital staff privileges and meet Emergency Department coverage responsibilities at Presbyterian Novant.

Please let me know if I can be of further assistance in your efforts.

Sincerely,

Signature: DocuSigned by: Logan Elizabeth Webb E410794AE899426...

Name / Specialty: Logan Elizabeth Webb : Pediatric Dentist

Attachment 2

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS

Dr. Scott D. Goodman
City : MATTHEWS
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 4847 (Licensed Dentist)
License Issued : 1/1/1981
Expiration : 3/31/2017
Status : Good Standing
Sedation: N

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS

Dr. Paul S. Clarke, IV
City : Harrisburg
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 8821 (Licensed Dentist)
License Issued : 6/19/2009
Expiration : 3/31/2017
Status : Good Standing
Sedation: N

New Search

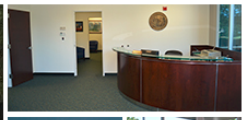
Functions of the Board of Dental Examiners

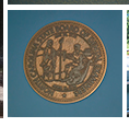
- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter





search results

DENTISTS	
Dr. Logan Elizabeth Webb	**License # :** 9319 (Licensed Dentist)
City : CHARLOTTE	**License Issued :** 5/25/2012
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** N
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

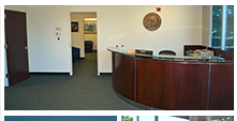
- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter



search results

DENTISTS	
Dr. Trent Cooke Pierce	**License # :** 9709 (Licensed Dentist)
City : Winston Salem	**License Issued :** 5/9/2014
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** Y
View Disciplinary Actions	

New Search

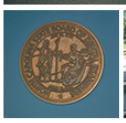
Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter



search results

DENTISTS

Dr. Robert L. Young, Jr.
City : Charlotte
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 7821 (Licensed Dentist)
License Issued : 6/18/2004
Expiration : 3/31/2017
Status : Good Standing
Sedation: Y

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS

Dr. Marcela R Mujica
City : Charlotte
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 9356 (Licensed Dentist)
License Issued : 6/21/2012
Expiration : 3/31/2017
Status : Good Standing
Sedation: N

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter




search results

DENTISTS	
Dr. David H. Moore	**License # :** 5518 (Licensed Dentist)
City : CHARLOTTE	**License Issued :** 6/2/1986
State : NC	**Expiration :** 3/31/2017
Board Action : Y	**Status :** Probation
Anesthesia: N	**Sedation:** Y
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter




search results

DENTISTS	
Dr. Emily C. Dunlap	**License # :** 7836 (Licensed Dentist)
City : CHARLOTTE	**License Issued :** 7/6/2004
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** N
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter




search results

DENTISTS	
Dr. Michael Owen Reimels	**License # :** 7919 (Licensed Dentist)
City : Huntersville	**License Issued :** 1/7/2005
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** N
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter




search results

DENTISTS	
Dr. Oscar Nzita Mvula	**License # :** 9461 (Licensed Dentist)
City : Charlotte	**License Issued :** 3/8/2013
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** N
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS

Dr. Charles-Thomas Demetri Cooke
City : Charlotte
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 9483 (Licensed Dentist)
License Issued : 5/9/2013
Expiration : 3/31/2017
Status : Good Standing
Sedation: Y

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

Home Board Staff Login

Google™ Custom Search

FAQs | Links | What's New | Live Scan | Contact Us

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS

Dr. Kerry Anzenberger Dove
City : Concord
State : NC
Board Action : N
Anesthesia: N
View Disciplinary Actions

License # : 8845 (Licensed Dentist)
License Issued : 7/23/2009
Expiration : 3/31/2017
Status : Good Standing
Sedation: Y

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

©2012 North Carolina State Board of Dental Examiners | 507 Airport Blvd., Suite 105, Morrisville, NC 27560 | Tel: 919.678.8223 | Fax: 919.678.8472

Rules & Laws
License & Permits
License Renewal
Fees
License Verification
Disciplinary Action
Continuing Education
Dental Assisting
Filing Complaint
Publications
Meeting Announcements
Management Arrangements
Forms
Professional Corporation
Online Examination
Board Newsletter

search results

DENTISTS	
Dr. Cordell Scott, II	**License # :** 4401 (Licensed Dentist)
City : LINCOLNTON	**License Issued :** 8/1/1977
State : NC	**Expiration :** 3/31/2017
Board Action : N	**Status :** Good Standing
Anesthesia: N	**Sedation:** N
View Disciplinary Actions	

New Search

Functions of the Board of Dental Examiners

- The administration of licensure examinations for dentists and dental hygienists
- The promulgation of rules and enforcement of laws and regulations governing the practice of dentistry and dental hygiene in this state
- The issuance and renewal of licenses to dentists and dental hygienists

info@ncdentalboard.org

Attachment 3

From: <ajames@vfdental.com>
Subject: Valleygate Dental Surgery Centers
Date: May 10, 2016 at 11:39:55 AM EDT
To: <vjones@vfdental.com>
Cc: <wholding@pda-inc.net>

Dear Colleagues,

By now, you may have received emails regarding dental ambulatory surgery centers, some of which have asked you to "DocuSign" letters of support and/or show intent to bring patients to a proposed surgery center. Please be aware, multiple options exist.

Valleygate Dental Surgery Centers also proposes to establish dental surgery centers, but with a different scope from others seeking to do so. As a 31-year-old practice with over 40 dentists including 8 pediatric dentists and 3 oral surgeons, Valleygate's organizer, Knowles, Smith, McGibbon, Ryan, James, Patel & Associates LLP believes that the majority of demand for dental surgery under general anesthesia is in the pediatric and special needs population. However, we also recognize the need for an alternative to hospitals or multi-specialty ambulatory surgery centers (ASCs) for certain adult dental and oral surgery procedures. As a result, Valleygate is collaborating with the Carolinas Center for Oral and Facial Surgery to design the facility program and scope. The centers will provide for patients who meet the clinical qualifications for hospitals or ASCs. Our model will provide full time Anesthesiologists and CRNA staffing. A CMS-recognized accrediting body such as, AAAHC will certify facilities.

The most important thing for you to understand is that multiple options exist. We agree that the state of North Carolina is offering an important solution to operating room access problems. Because it's a one-time demonstration project, we think it should be done properly reflecting the needs of dental professionals, while preserving the integrity and respect of our profession in the public eye. **The NC Dental Society has endorsed only our proposal, and the responsibility this caries is one we take very seriously**. In the various areas of the state, only one facility will be approved, despite multiple applicants. Communication from other organizations seeking to establish surgery centers suggests that state CON approval hinges on letters of support from the dental community. In fact, state's decision to award a certificate of need to one applicant over another will hinge upon the viability of the project, the ability to serve true and measurable clinical need, and the ability to build a cost-effective and safe solution. Our stance is that we must build a facility that measurably improves access problems and will be administered by highly qualified clinicians specifically trained to treat patients under sedation and general anesthesia. Our proposal ensures that dentists remain good stewards of our fiscal responsibilities to the taxpayer as well as our ethical oaths to patient care and safety.

Valleygate seeks to form collaborative partnerships in the various regions of the state with no intent to control the entire state with these proposals. If you are interested in more information, please respond to this email and we will contact you personally. Just as all dental offices in this state are owned by dentists, Valleygate ASCs will be owned and managed by only North Carolina dentists. We are seeking to establish centers in Fayetteville, Raleigh, Charlotte, and the Triad area.

If the concept is of interest to you, but you prefer to remain neutral, please reply to this email and indicate your support for the concept and the number of patients you may bring or refer monthly.

Respectfully yours,

Anuj James, DDS

Valleygate Dental Surgery Centers

For your convenience, feel free to reply using the following format:

I support having a dental only surgical center in _____ (Charlotte, Triad, Fayetteville, or Raleigh)

I would refer _____ patients a month

I would do _____ procedures a month in the facility, if credentialed.

KSA: Michael Knowles, DMD • Terrance Smith, DDS • Faith McGibbon, DDS • Brad Ryan, DDS •
Mit Patel, DDS • Grant Wiles, DDS • Anne Dodds, DDS

CCOFS: Brian B Farrell DDS, MD • Bart C Farrell DDS, MD • John C Nale DMD, MD • Daniel C Cook DDS MD •
Richard A Kapitan DDS, MS • Waheed V Mohamed DDS, MD • Dale J Misiek DMD

Attachment 4

From: Valleygate Surgical Centers <valleygatesurgerycenter@gmail.com>
Date: May 13, 2016 at 5:35:25 PM EDT
To:
Subject: NC Dental Society
Reply-To: valleygatesurgerycenter@gmail.com

Dear Colleagues,

Recently, you received an email from me regarding our proposed Valleygate dental surgery centers. We are writing to clarify a misstatement in that e-mail. While the North Carolina Dental Society supports the concept of a demonstration project for a single specialty dental ambulatory surgery center, they have not endorsed Valleygate's proposal. We apologize for the inaccuracy of our previous email.

We have been in communication with the North Carolina Dental Society leadership and want to be clear. As far as we are aware, the North Carolina Dental Society does not support any one dental surgery center project over another.

Please accept our apologies for the mistake. Thank you for your understanding. Our intent is to find a solution for underserved children.

Yours,

Anuj James, DDS

Valleygate Dental Surgery Centers

Dental Society Letter 5-12-16

Dental Society Letter 7-27-15

Attachment 5

NORTH CAROLINA DENTAL SOCIETY | ADA

May 16, 2016

Dear Colleagues:

In the 2016 State Medical Facilities Plan for North Carolina, the NC Division of Health Services Regulation (DHSR) determined that there is a need for a demonstration project for ambulatory surgical facilities devoted solely to dentistry. As a result, the DHSR is in the process of accepting and reviewing certificate of need (CON) applications for a total of four (4) such facilities in various parts of the state.

As the 2016 State Plan was being developed last summer, the NCDS submitted a letter to the DHSR dated July 27, 2015. That letter expressed our support "for a demonstration project of a single specialty dental ambulatory surgical center to serve the needs of children covered by Medicaid who are experiencing significant barriers to dental care." The letter further pointed out that many of these children experience "complex dental problems" requiring treatment under general anesthesia and can face extended wait times because of limited access to operating room facilities.

We have just learned that one of the CON applicants, Valleygate Dental Surgery Centers, inaccurately claimed in emails variously dated May 10 and May 11 that the NCDS has endorsed its CON application. This is simply not the case, and we have asked Valleygate Dental Surgery Centers to stop making such a claim and issue a retraction to all of the recipients of its e-mails.

While the NCDS continues to support the dental ambulatory surgical center demonstration project, we have been careful at this time not to endorse any specific CON applicant. Based on the information we have to date, we believe it should be up to the DHSR to determine which, if any, applicant meets its very specific criteria for access, value and safety as published in the 2016 State Plan. Individual members of the NCDS are free to decide for themselves whether to support any specific CON application. It must be noted, however, that such support by an individual NCDS member does not represent an endorsement by the NCDS.

Thank you for your understanding as we work to resolve this issue.

Sincerely,

Ronald Venezie, DDS, President
North Carolina Dental Society

Attachment 6

----- Forwarded Message -----
From: Virginia Jones <VJones@vfdental.com>
To: [redacted]
Sent: Monday, May 9, 2016 8:00 AM
Subject: Letters of support and information

[redacted],

Thank you so much for your time on Thursday. I am finally back in the office to send you a copy of the letter we have requested, and if you would share it with your colleagues. We would need them back by May 24th, and they can just be emailed to me, we will gather, then send to the state. As we discussed, all applications can be supported.

A few points to summarize what we talked about from an investment perspective.

Ownership in ASC practice – Knowles, Smith & Associates (VFD) would like to retain 15% of the ownership in the ASC practice. We think a total of 6-8 practice owners is appropriate, which each practice, regardless of the percentage, having one vote on the Board. We believe that ownership should be made up of local dentists in the area where the ASC is located, preferably pediatric dentists and oral surgeons. VFD can provide management services if desired at 3.5% for the first three years. However, the practices in the area know what is best for their operations, so we want to protect that interest. In addition, the facility is dental owned only to honor the NC dental practice act.

Real estate – the real estate is currently negotiated as a "build to suit" lease. However, the owners of both options are willing to sell the land. The location has been determine thru an in-depth analysis of the need and geographical accessibility of these patients, according to CON guidelines. If the pediatric dentists in the area, either one, two or all, would prefer to own the real estate, then VFD can help introduce all parties, and those dentists can purchase the land and build the facility. The drawings have already been designed, prepared, and reviewed. Therefore, construction costs will be less. VFD is not interested in real estate ownership.

VFD has always believed that these facilities should be for dentists, by dentists, and meet a real and measurable problem that exists, primarily in the pediatric dental community. By creating a collaboration amongst your peers, this will insure that this mission will be accomplished.

I have attached the financial projections included in our application. Note that these are EXTREMELY conservative, assuming 95 percent Medicaid, 5% charity, and a very low reimbursement rate. If the center can make it with these numbers, then the true numbers we have and believe we can accomplish are easily met. Our CPA Firm, Elliott Davis, is working on a formal prospectus to share. However, as discussed, we are not looking for a large number of small investors. We are looking for 6-8 dental partners.

Thanks again for your time. It was a pleasure to meet you!

Ginny

Virginia Jones
Chief Operating Officer
Village Family Dental
(910) 485-7070 ext 2612
Check us out on the web: http://www.vfdental.com/
Or on Facebook: https://www.facebook.com/vfdental/

Attachment 7

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DECISION DATE: September 27, 2011
FINDINGS DATE: October 4, 2011

PROJECT ANALYST: Michael J. McKillip
SECTION CHIEF: Craig R. Smith

PROJECT I.D. NUMBER: **J-8660-11**/WakeMed/Add 79 acute care beds on the WakeMed Raleigh Campus/Wake County

J-8661-11/WakeMed/Add 22 acute care beds at WakeMed Cary Hospital/Wake County

J-8667-11/Rex Hospital, Inc./Add 11 acute care beds and construct a new beds tower to replace 115 acute care beds in a change of scope for Project I.D. # J-8532-10 (heart and vascular renovation and expansion project)/Wake County

J-8669-11/Rex Hospital, Inc./Develop a new separately licensed 50-bed hospital in Holly Springs/Wake County

J-8670-11/Rex Hospital, Inc./Develop a new separately licensed 40-bed hospital in Wakefield/Wake County

J-8673-11/Holly Springs Hospital II, LLC/Develop a new 50-bed hospital in Holly Springs/Wake County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

the three applications proposing to develop new acute care hospitals, since the applications propose to develop new acute care hospitals that are similar in size and scope of services.

Operating Costs Comparison - Third Year of Operation

Applicant	Operating Costs	Adjusted Patient Days	Operating Costs Per Adjusted Patient Day
Existing Hospitals			
WakeMed Raleigh	$690,406,305	288,003	$2,397
WakeMed Cary	$172,851,617	92,459	$1,870
Rex Hospital*	$151,207,160	51,383	$2,943
New Hospitals			
Rex Holly Springs	$68,155,407	27,202	$2,506
Rex Wakefield	$52,383,001	20,544	$2,550
Novant Holly Springs	$57,903,869	23,500	$2,464

*Rex Hospital does not provide operating costs and adjusted patient days for the entire hospital, but only for the 11 new acute care beds, 115 existing acute care beds to relocated to the proposed bed tower, and other related services identified in the application.

As shown in the table above, WakeMed Cary projects the lowest operating cost per adjusted patient day in the third year of operation, and Rex Hospital projects the highest operating costs per adjusted patient day in the third year of operation. However, the projections for Rex Hospital do not include the entire hospital, but only the program components involved in the proposed project. The remaining applicants project comparable operating costs per adjusted patient day. However, operating cost per adjusted patient day projected by Novant Holly Springs are not reliable to the extent they are based on projected utilization. Novant Holly Springs did not adequately demonstrate that its projected utilization is based on reasonable and supported assumptions. See Criterion (3) for additional discussion. Thus, any comparison of average operating cost per adjusted patient day for Novant Holly Springs to the other applications is questionable.

Documentation of Physician Support

Documentation of support from Wake County physicians for a proposed project to add new acute care beds is considered an important factor in this review. In Exhibit 49, WakeMed Raleigh provided letters from 255 physicians in Wake County and surrounding communities expressing their support for the proposed project. In Exhibit 49, WakeMed Cary provided letters from 244 physicians in Wake County and surrounding communities expressing their support for the proposed project. In Exhibit 54, Rex Hospital provided letters from 296 physicians in Wake County and surrounding communities expressing their support for the proposed project. In Exhibit 66, Rex Holly Springs provided letters from 319 physicians in Wake County and surrounding communities expressing their support for the proposed project. In Exhibit 62, Rex Wakefield provided letters from 318 physicians in Wake County and surrounding communities expressing their support for the proposed project. In

Exhibit 14 of the application, Novant Holly Springs provided letters from 95 physicians in Wake County and surrounding communities expressing their support for the proposed project. However, the Novant Holly Springs' application did not contain any letters of support from Wake County obstetricians. See Criteria (3) and (8) for discussion. Therefore, with regard to documentation of physician support from Wake County and surrounding communities, WakeMed Raleigh, WakeMed Cary, Rex Hospital, Rex Holly Springs, and Rex Wakefield are determined to be comparable, and Novant Holly Springs is determined to be the least effective alternative.

SUMMARY

The following is a summary of the reasons **Rex Holly Springs** is determined to be an effective alternative in this review:

- Adequately demonstrates the need the population projected to be served has for the proposed acute care beds. See Criterion (3) for discussion.
- Adequately demonstrates that the financial feasibility of the proposal is based upon reasonable and supported projections of revenues and operating costs. See Criterion (5) for discussion.
- Proposes to expand geographic access to acute care bed services for the residents of southern Wake County by developing a new hospital in Holly Springs.
- Projects the highest percentage of total services to be provided to Medicare recipients of the three applicants proposing to develop a new hospital.
- Projects the second lowest gross revenue per adjusted patient day of all the applicants in the third year of operation.
- Projects the lowest net revenue per adjusted patient day in the third year of operation of the three applicants proposing to develop a new hospital.
- Projects operating costs per adjusted patient day in the third year of operation that are comparable with the other applicants proposing to develop new hospitals.
- Provides documentation of a relatively high level of physician support from physicians in Wake County and surrounding communities.

The following is a summary of the reasons **WakeMed Cary** is determined to be an effective alternative in this review:

- Adequately demonstrates the need the population projected to be served has for the proposed acute care beds. See Criterion (3) for discussion.
- Adequately demonstrates that the financial feasibility of the proposal is based upon reasonable and supported projections of revenues and operating costs. See Criterion (5) for discussion.
- Projects the second highest percentage of total services to be provided to Medicaid recipients of the three applicants proposing to add acute care beds to an existing hospital.
- Of the applicants proposing to develop additional acute care beds at an existing hospital, WakeMed Cary has the highest projected deficit of acute

care beds in 2014, based on the Proposed 2012 SMFP, Table 5A: Acute Care Bed Need Projections.
- Projects the lowest net revenue per adjusted patient day in the third year of operation of all the applicants.
- Projects the lowest operating cost per adjusted patient day in the third year of operation of all the applicants.
- Provides documentation of a relatively high level of physician support from physicians in Wake County and surrounding communities.

The following is a summary of the reasons **WakeMed Raleigh**, as conditioned, is determined to be an effective alternative in this review:
- Adequately demonstrates the need the population projected to be served has for the proposed acute care beds. See Criterion (3) for discussion.
- Adequately demonstrates that the financial feasibility of the proposal is based upon reasonable and supported projections of revenues and operating costs. See Criterion (5) for discussion.
- Projects the highest percentage of total services to be provided to Medicaid recipients of all the applicants.
- Of the applicants proposing to develop additional acute care beds at an existing hospital, WakeMed Raleigh has the second highest projected deficit of acute care beds in 2014, based on the Proposed 2012 SMFP, Table 5A: Acute Care Bed Need Projections.
- Projects the second lowest net revenue per adjusted patient day in the third year of operation of all the applicants.
- Projects the second lowest operating cost per adjusted patient day in the third year of operation of all the applicants.
- Provides documentation of a relatively high level of physician support from physicians in Wake County and surrounding communities.

The following is a summary of the reasons each of the other applicants is found to be a less effective alternative for the development of additional acute care beds than **Rex Holly Springs, WakeMed Cary**, and **WakeMed Raleigh**.

Rex Hospital
- Projects the second lowest percentage of total services to be provided to Medicaid recipients of all the applicants.
- Of the three applications proposing to develop additional acute care beds at an existing hospital, Rex Hospital is the only applicant with a projected surplus of acute care beds in 2014, based on the Proposed 2012 SMFP, Table 5A: Acute Care Bed Need Projections.
- Projects the second highest gross revenue per adjusted patient day in the third year of operation of all the applicants.
- Projects the highest net revenue per adjusted patient day in the third year of operation of all the applicants.
- Projects the highest operating cost per adjusted patient day in the third year of operation of all the applicants.

- Proposes a location for the acute care beds that is less effective with regard to improving geographic accessibility.

Rex Wakefield

- Projects the lowest percentage of total services to be provided to Medicaid recipients of all the applicants.
- Projects the highest gross revenue per adjusted patient day in the third year of operation of the three applicants proposing to develop new acute care hospitals.
- Proposes a location for the acute care beds that is less effective with regard to improving geographic accessibility.

Novant Holly Springs

- Does not adequately demonstrate the need the population projected to be served has for the proposed acute care beds. See Criterion (3) and 10A NCAC 14C .3803 for discussion.
- Does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable and supported projections of revenues and operating costs. See Criterion (5) for discussion.
- Does not adequately demonstrate that the proposed services will be coordinated with the existing health care system. See Criterion (8) for discussion.
- Projects the highest net revenue per adjusted patient day in the third year of operation of the three applicants proposing to develop new acute care hospitals, and the second highest net revenue per adjusted patient day in the third year of operation of all the applicants.
- Projects the lowest percentage of total services to be provided to Medicare recipients of all the applicants.
- Provides documentation of a relatively low level of physician support from physicians in Wake County and surrounding communities.

CONCLUSION

NC General Statute 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 CON Section. The CON Section determined that the applications submitted by Rex Holly Springs, WakeMed Cary, and WakeMed Raleigh are the most effective alternatives proposed in this review for 101 acute care beds in Wake County and are approved, as conditioned below. Also, the application submitted by Rex Hospital is approved as conditioned below. The approval of any other application would result in the approval of acute care beds in excess of the need determination in the SMFP and therefore, the Rex Wakefield and Novant Holly Springs applications are denied.

The application submitted by Rex Holly Springs is approved subject to the following conditions.