ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

DECISION DATE: August 24, 2012

PROJECT ANALYST: Les Brown
SECTION CHIEF: Craig R. Smith

PROJECT I.D. NUMBER: F-8832-12 / Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews and Novant Health, Inc./ Develop three hospice inpatient beds / Mecklenberg 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 service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Presbyterian Medical Care Corp. (PMCC) d/b/a Presbyterian Hospital Matthews (PHM) operates a 117-bed acute care hospital in Matthews in Mecklenburg County. PHM was approved to develop 17 additional acute care beds (Project ID #F-8437-09), which are currently under development. Novant Health, Inc. is the parent company of PMCC. PHM proposes to develop three hospice inpatient beds in the hospital to be licensed as part of the hospital.

The 2012 State Medical Facilities Plan (SMFP) identifies a need determination for seven new hospice inpatient beds in Mecklenburg County. The Certificate of Need Section received two hospice applications for projects in Mecklenberg County in response to the 7-hospice bed need determination in the 2012 SMFP. The two applications received include: 1) This application, Project I.D. #F-8832-12, in which PHM proposes to develop three hospice inpatient beds on the fifth floor of the hospital adjacent to the oncology inpatient unit, and 2) Project I.D. #F-8824-12, in which the applicant, Hospice & Palliative Care Charlotte Region, proposes to convert four hospice residential beds to four hospice inpatient beds. Because the total number of hospice beds proposed in the two projects is 7 beds, the applications are not

competitive and both projects can be approved and be conforming to the need determination in the 2012 SMFP.

The applicants propose to develop no more than three beds, thus the application is conforming to the need determination in the 2012 SMFP.

Policy GEN-3 of the 2012 SMFP is applicable to this review. Policy GEN-3: Basic Principles states:

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

Maximize Healthcare Value

On page 62 the applicants state:

> *"Since 2007, Novant Health has looked at every hospital encounter as if Medicare is making the payment, in order to identify opportunities for real cost savings. By measurimg everything against the benchmark of Medicare reimbursement, Novant is able, for the most part to compare apples to apples. Novant Health's goal is to provide a 'consistent, remarkable patient experience no matter what building you are in.' … The first round of changes under Novant Health's 'Medicare-Equivalent model' occurred during the fourth quarter of CY 2008 and identified 12 opportunities which trimmed about $24 Million in variation, including labor costs for cardiac. women's, and orthopedic service lines; labor and supply costs for neurology; clinical sourcing opportunities with physician partners; and ED treatment rooms in a single ED."*

On pages 100-101 the applicants state that the capital cost of the project is for upfitting and equipping existing space. Thus, no new construction is required for the project.

The applicants adequately demonstrate that proposed project will maximize healthcare value.

Promote Safety and Quality

On page 66-67 the applicants state the following with regard to how the proposal will promote safety and quality:

> "[I]*n 2009 Novant Health initiated a system wide quality program 'First Do No Harm: Leadership Methods in a Safe Culture' to improve patient safety using proven*

management techniques. Quality and patient safety are interdependent. The goal of the program is to educate leaders on basic human performance factors and how they affect patient safety and to provide leadership strategies which will encourage employees to identify, question and correct behaviors to improve patient care. Employees are encouraged to practice with a questioning attitude; to communicate clearly when sharing information; to know red rules and practice red rules with 100% compliance (red rules are rules defined within Novant to address any act that has the highest level of risk or consequence to patient or employee safety if not performed exactly, each and every time); to self check and focus on tasks at hand; and to support each other. Novant is implementing evidence-based best practice methods (Safety F.I.R.S.T. Methods for Leaders) that will reduce errors resulting in patient harm by helping build compatibility while finding and fixing system problems."

Exhibit 12 contains PHM Performance Improvement, Infection Prevention, Utilization Review and Risk Management policies and plans. The applicants adequately demonstrate that the proposed project will promote safety and quality.

Promote Equitable Access

On page 85 the applicants state the following with regard to how the proposal will promote equitable access:

"It is the policy of Novant Health and Presbyterian Hospital Matthews, which will include the proposed hospice beds, to provide all services to all patients regardless of income, insurance coverage, age, racial/ethnic origin, gender, physical or mental condition, or any other factor that would classify a patient as underserved."

Exhibit 9 contains Charity Care and Business Office policies. The applicants adequately demonstrate that medically underserved groups will have equitable access to the proposed services. See also Criterion (13).

Projected Volumes Incorporate GEN-3 Concepts

The applicants adequately demonstrate the need for the proposal. The applicants demonstrate that projected volumes for the proposed hospice facility incorporate the basic principles in meeting the needs of patients to be served. See Criteria (3) and (5). Consequently, the application is consistent with Policy GEN-3. In summary, the applicant is conforming to the need determination in the 2012 SMFP and is consistent with Policy GEN-3. Therefore, the application is conforming with this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic

minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

Presbyterian Medical Care Corp. (PMCC) d/b/a Presbyterian Hospital Matthews (PHM) operates a 117-bed acute care hospital in Matthews in Mecklenburg County. PHM was approved to develop 17 additional acute care beds (Project ID #F-8437-09), which are currently under development. Novant Health, Inc. is the parent company of PMCC. PHM proposes to develop three hospice inpatient beds in the hospital to be licensed as part of the hospital.

Population to be Served

On page 70 the applicants state that the proposed service area includes 6 ZIP codes in southeastern Mecklenburg County and 5 ZIP codes in northwestern Union County. Exhibit 2 contains a table which identifies these ZIP codes as follows:

ZIP Code	2010 Population
Mecklenburg County	
28105	39,586
28212	38,457
28226	37,286
28227	49,635
28270	31,525
28277	59,664
Mecklenburg County Total	256,153
Union County	
28079	31,979
28104	28,040
28110	50,365
28112	26,311
28173	45,097
Union County Total	181,792
Total Service Area	437,945

Source: 2010 US Census

On page 73 the applicants provide the projected patient origin by county for the first two years of operation, as shown in the table below:

County	FFY 2014 & FFY 2015 % ot Total Patients
Mecklenberg	84.8%
Union	15.2%
Total	100.0%

The applicants state that the projected patient origin is based on the current patient origin of Presbyterian Hospice Care Agency (PHCA).The applicants adequately identify the population projected to be served by the proposed facility.

Demonstration of Need

In Section III.1, page 37, the applicants state that the growth in hospice services in Mecklenburg County increased significantly from FY 2009 to FY 2010. Specifically, there was a 15.2% increase in hospice days of care and a 14.6% increase in hospice deaths. The 2012 SMFP projects that there will be 208,916 hospice days of care in 2015, compared to 196,963 days of care in 2010.

On page 39 the applicants state:

> *"In FY 2011, PHCA utilization reached an all time high. Total volume increased by 8,655 days between FY 2008 and FY 2011, which represents compound annual growth rate (CAGR) of 9.2%. Also reaching an all time high is the ALOS of patients admitted to PHCA, increasing from 38.7 days to 51.6 days between FY 2008 and FY 2011, which represents a CAGR of 10.0%."*

On page 40 the applicants provide the projected population age 65 and over for Mecklenburg and Union counties, compared to the total population, as shown in the table below.

Projected Population Age 65+ 2012 - 2016

County	2012	2016	CAGR 2012 - 2016
Mecklenburg			
Total Population	958,571	1,027,829	1.8%
Age 65+	90,102	108,466	4.7%
Union			
Total Population	212,812	233,253	2.3%
Age 65+	22,267	27,288	5.2%

Source: NC Office of Management & Budget website

The Carolinas Center for Hospice and End of Life Care's annual report, Hospice Data & Trends, confirms a steady increase in percentage of Mecklenberg deaths served by hospice from FFY 2006 through FFY 2010. The table below shows the percent of Mecklenberg County deaths served by hospice and the rank of Mecklenberg County compared with other NC counties for years FFY 2006 – FFY 2010.

Year	Percent Mecklenberg County Deaths Served by	Mecklenberg County Rank Among NC Counties

	Hospice	
2006	32.66%	26
2007	37.43%	20
2008	39.24%	23
2009	42.07%	17
2010	45.77%	15

Projected Utilization

Inpatient Utilization

On page 47 the applicants provide the projected inpatient utilization for the first three years of operation following project completion, as described below.

	Year 1 FFY 2014	Year 2 FFY 2015	Year 3 FFY 2016
Hospice Inpatient Days of Care	682	712	744
Average Daily Census	1.9	2.0	2.0
Occupancy Rate	62.3%	65.1%	67.7%

On pages 42-47 the applicants provide the assumptions and methodology used in projecting the hospice inpatient utilization, as described below.

Step 1: Determine Population to be Served by the PHM Hospice Inpatient Unit

PHM reviewed the patient origin of PHCA and PHM to determine that 80% of the PHM inpatients resided in southeast and northwest Union counties, including the following ZIP codes:

ZIP Code	City	2010 Population
Mecklenburg County		
28105	Matthews	39,586
28212	Southeast Charlotte	38,457

28226	South Charlotte	37,286
28227	Mint Hill	49,635
28270	Southeast Charlotte	31,525
28277	South Charlotte	59,664
Mecklenburg County Total		256,153
Union County		
28079	Indian Trail	31,979
28104	Matthews	28,040
28110	Monroe	50,365
28112	Monroe	26,311
28173	Waxhaw	45,097
Union County Total		181,792
Total Service Area		437,945

Source: 2010 US Census

Step 2: Calculate County Specific Hospice Use Rates

The hospice agency admission rates for Mecklenburg and Union counties were calculated using the three most recent SMFPs, as shown in the table below.

	FFY 2008	**FFY 2009**	**FFY 2010**
Mecklenberg County Hospice Admissions	2,323	2,478	2,654
Mecklenburg County Population	888,730	906,473	923,944
Mecklenburg County Hospice Admissions Per 1,000 Population	2.61	2.73	2.87
Union County Hospice Admissions	398	467	492
Union County Population	192,305	197,373	202,592
Union County Hospice Admissions Per 1,000 Population	2.07	2.37	2.43

Patients = cases = admissions

Step 3: Calculate Total Hospice Patients [Admissions] *in the PHM Hospice Inpatient Service Area in 2010.*

Using the 2010 census, PHM calculated number of admissions for FFY 2010 in the proposed service area, as shown in the table below.

	FFY 2010
Mecklenberg County ZIP Code Population	256,153
Mecklenburg County Hospice Admissions Per 1,000 Population	2.87
Mecklenburg County Total Hospice Admissions in the Proposed Service Area	736

Union County ZIP Code Population	181,792
Union County Hospice Admissions Per 1,000 Population	2.43
Union County Total Hospice Admissions in the Proposed Service Area	441

Step 4: Project Hospice Patients [Admissions] *in PHM Hospice Inpatient Service Area*

The applicants applied the statewide hospice admission two-year trailing average annual growth rate of 4.4% to the FFY 2010 admissions to project admissions for the proposed service area through FFY 2016, as shown in the table below.

	FFY 2010	Annual Growth Rate	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015	FFY 2016
Mecklenberg County Projected Admissions	736	4.4%	768	802	837	874	913	953
Union County Projected Admissions	441	4.4%	461	481	502	524	548	572

Step 5: Project Total Hospice Days for Residents [Patients] *of PHM Hospice Inpatient Service Area*

Based on the three most recent SMFPs, PHM calculated the average hospice length of stay (ALOS) for Mecklenburg and Union counties, and statewide, as shown in the table below.

	FFY 2008	FFY 2009	FFY 2010
Mecklenberg County Projected Admissions	2,323	2,478	2,654
Mecklenberg County Projected Days of Care	170,393	171,032	196,963
Mecklenberg County Projected ALOS	73.4	69.0	74.2
Union County Projected Admissions	398	467	492
Union County Projected Days of Care	25,461	26,756	23,410
Union County Projected ALOS	64.0	57.3	47.6
North Carolina Projected Admissions	32,509	33,460	35,403
North Carolina Projected Days of Care	2,679,306	2,650,416	2,874,121
North Carolina Projected ALOS	82.4	79.2	81.2

The applicants applied the county ALOS to the projected hospice admissions for the county ZIP code service area to project the total hospice days of care for each county service area, as shown in the table below.

	FFY 2010	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015	FFY 2016
Mecklenberg County Projected Service Area Admissions	736	768	802	837	874	913	953
Mecklenberg County Hospcie ALOS	74.21	74.21	74.21	74.21	74.21	74.21	74.21
Mecklenberg County Projected Hospice	54,606						

Days		57,008	59,517	62,136	64,869	67,724	70,704
Union County Projected Service Area Admissions	441	461	481	502	524	548	572
Union County Hospcie ALOS	47.58	47.58	47.58	47.58	47.58	47.58	47.58
Union County Projected Hospice Days	21,007	21,931	22,896	23,903	24,955	26,053	27,199

Step 6: Project Total Hospice Inpatient Days for Residents [Inpatients] *of PHM Hospice Inpatient Service Area*

The applicants assume that 6% of total hospice days will be inpatient days, based on the 2012 SMFP hospice inpatient need methodology, as shown in the table below.

	% Inpatent Days	**FFY 2011**	**FFY 2012**	**FFY 2013**	**FFY 2014**	**FFY 2015**	**FFY 2016**
Mecklenberg County Projected Service Area Total Hospice Patient Days		57,008	59,517	62,136	64,869	67,724	70,704
Mecklenberg County Service Area Hospice Inpatient Days*	6%	3,421	3,571	3,728	3,892	4,063	4,242
Union County Projected Service Area Total Hospice Patient Days		21,931	22,896	23,903	24,955	26,053	27,199
Union County Service Area Hospice Inpatient Days	6%	1,316	1,374	1,434	1,497	1,563	1,632

*Calculated by Project Analyst, based on supplemental information.

Step 7: Project PHM Hospice Inpatient Unit Inpatient Days

Based on the 2012 SMFP, PHM determined PHCA's FFY 2010 market shares of total patient days of care for Mecklenburg and Union counties. PHM applied these market shares to the total hospice days of care in each county to project the total patient days of care for the proposed PHM hospice unit for the first three years of operation PHM assumes that it will provide 90% of the total hospice inpatient days in the PHM service area, as shown in the table below.

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	Year 1 FFY 2014	**Year 2 FFY 2015**	**Year 3 FFY 2016**
Mecklenberg County Service Area Total Projected Hospice Inpatient Days	3,892	4,063	4,242
PHCA Market Share – Mecklenberg County	16.5%	16.5%	16.5%
PHM Projected Inpatient Days – Mecklenburg County	643	671	700

Union County Service Area Total Projected Hospice Inpatient Days	1,497	1,563	1,632
PHCA Market Share – Union County	7.7%	7.7%	7.7%
PHM Projected Inpatient Days – Union County	116	121	126
PHM Service Area Hospice Inpatient Days	758	792	826
Percent of Service Area Inpatient Days to by provided by PHM	90%	90%	90%
PHM Inpatient Hospice Days	682	712	744

Step 8: Projected Utilization of the PHM Hospice Inpatient Unit

PHM projected the annual occupancy rates for the first three years of operation, based on the average daily census (ADC), as shown in the table below.

	Year 1 FFY 2014	**Year 2 FFY 2015**	**Year 3 FFY 2016**
PHM Hospice Inpatient Days	682	712	744
ADC	1.9	2.0	2.0
Occupancy Rate	62.3%	65.1%	67.7%

In summary, the applicants' projected utilization is reasonable based on the assumptions and methodology provided. The applicants adequately identify the population they propose to serve and adequately demonstrate the need to develop three hospice inpatient beds. The applicants adequately demonstrate the projected utilization will exceed the performance standards as stated in 10A NCAC 14C .4003:

> *"(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that:*
> *(1) the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project;*
> *(2) the average occupancy rate for the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project;"*

Therefore the application is conforming with this criterion.

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

NA

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

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In Section III.14, pages 73-74, the applicants state that there were four alternatives considered in the development of the proposed project, including: maintaining the status quo, constructing a freestanding hospice facility, developing more or less than three hospice inpatient beds and the proposed project. The applicants adequately demonstrate that their proposal is the least costly or most effective alternative, and the application is conforming with this criterion. The application is conforming to all applicable statutory and regulatory review criteria. See Criteria (1), (3), (5), (6), (7), (8), (13), (14), (18a) and (20), as well as 10A NCAC 14C .4000. The applicants adequately demonstrate that their proposal is an effective alternative. Therefore, the application is conforming with this criterion subject to the following conditions:

1. **Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews and Novant Health, Inc.shall materially comply with all representations made in their certificate of need application.**

2. **Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews and Novant Health, Inc shall develop three hospice inpatient beds located at Presbyterian Hospital Matthews.**

3. **Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews shall be licensed for a total of 3 hospice inpatient beds upon completion of this project.**

4. **Presbyterian Medical Care Corp. d/b/a Presbyterian Hospital Matthews and Novant Health, Inc shall acknowledge acceptance and compliance with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

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

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In Section VIII.1, page 100, the applicants project that the total capital cost of the project will be $350,841, including $215,229 for renovation cost, $90,000 for equipment and $45,612 for miscellaneous costs.

On page 101 the applicants state that the project will be funded with accumulated reserves. Exhibit 8 contains a letter from the Senior Vice President, Financial Planning & Analysis of Novant Health, Inc., which states that Novant Health will fund the project with accumulated reserves. Exhibit 8 also contains the audited financial statements for Novant Health, Inc. and

Affiliates for the years ending December 31, 2010 and 2011. As of December 31, 2011, Novant had cash and cash equivalents of $301,708,000, total current assets of $1,005,134,000 and total net assets of $1,877,290,000 [total assets – total liabilities]. On page 108 the applicants state that there would be no start-up or initial operating expenses.

In Form B of the Pro Formas, the applicants project the hospice inpatient services revenue and expenses for the first three operating years, as shown in the table below. PHM projects expenses will exceed revenues during the first three years of operation following completion of the project, as shown in the table below.

	FFY2014	FFY2015	FFY2016
Revenues	$366,455	$385,443	$405,903
Expenses	$299,422	$308,773	$319,168
Net Profit (Loss)	$67,033	$76,670	$86,734

In Section X.3, page 112, the applicants project the reimbursement rates/charges for the first three years of operation of the proposed hospice beds, as shown in the following table.

Projected Per Diem Charges

Payment Source by Level Care	Year 1 FFY2014	Year 2 FFY2015	Year 3 FFY2016
Hospice Inpatient			
Medicare	$678.44	$683.87	$689.34
Medicaid	$678.44	$683.87	$689.34
Hospice Respite			
Medicare	$157.53	$158.80	$160.06

On page 113 the applicants state the following assumptions regarding its projected charges:

> *"These per diem rate estimates in the table above assume an annual increase from Medicare and Medicaid of 5.38 percent from 2010 to 2014 and are based on the actual FFY 2010 Mecklenburg County rates from Medicare and Medicaid for hospice inpatient services.*
>
> *Considering the current economic climate and the variable trend in the most recent per diem rate increases, the applicant projects a 1.82% annual inflation rate for the hospice inpatient per diem rates in the future."*

In summary, the applicants adequately demonstrate the availability of sufficient funds for the proposed facility and adequately demonstrate that the financial feasibility of the proposed project is based on reasonable projections of costs and charges. Consequently, the application is conforming with this criterion.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

PMCC currently operates PHCA, a certified hospice agency in Mecklenburg County. Presbyterian Hospital in Charlotte operates a hospice inpatient facility as part of the acute care hospital, including 8 hospice inpatient beds in operation and 10 approved hospice inpatient beds currently under development. According to the Presbyterian Hospital (Charlotte) application to add ten beds to the existing hospice inpatient unit (Project ID #F-8686-11), the unit had an occupancy rate of 82.3% during the period from July 2010 – March 2011. In this application, PHM proposes to develop three hospice inpatient beds as part of the acute care hospital in Matthews to serve ZIP codes in East Mecklenburg and West Union Counties. There are no other hospice inpatient beds in the ZIP codes that PHCA proposes to serve.

There are currently thirteen hospice providers in Mecklenburg County. As reported in Hospice Data and Trends for FY2007 – FY2011, Mecklenberg County residents utilized the two largest providers of hospice services, Presbyterian Hospice and HPCCR, as illustrated in the tables below.

Presbyterian Hospice	FY2007	FY2008	FY2009	FY2010	FY2011	% Growth FY2007 – FY2011
Patients Admitted	637	699	714	694	658	3.3%
Days of Care	28,208	25,662	23,888	32,523	31,977	13.4%
Deaths	557	547	597	551	573	2.9%

HPCCR	FY 2007	FY2008	FY2009	FY2010	FY2011	% Growth FY2007 – FY2011
Patients Admitted	1,076	1,202	1,212	1,236	1,262	17.3%
Days of Care	104,160	117,947	110,975	120,940	121,211	16.4%
Deaths	928	1,059	1,056	1,094	1,157	24.7%

Both Presbyterian Hospice and HPCCR operate inpatient units/facilities in Mecklenburg County with a third unit approved. HPCCR received a CON to develop ten hospice inpatient beds in south Charlotte on November 15, 2011 (Project ID #F-8677-11).

In the most recent year for which data are available, these two hospice inpatient facilities were operating at occupancy rates above the performance standards as stated in 10A NCAC 14C .4003, as shown in the table below:

	Beds	FFY 2011 Patient Days of Care	Average Daily Census	Occupancy Rate
HPCCR Hospice Inpatient Beds	11	4,330	11.9	107.9%
Presbyterian Hospital Hospice Inpatient Beds	8	2,215	6.1	75.9%

Source: NC Hospice & Data Trends, FFY 2011

The applicants adequately demonstrate that the need for the proposal to develop three hospice inpatient beds is based on reasonable projections of utilization. See Criterion (3) for additional discussion. The applicants adequately demonstrate that the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming with this criterion.

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

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In Table VII.2, pages 95-96, the applicants provide the proposed staffing for the 3 hospice inpatient beds in the second year of operation, as shown in the table below.

	ANNUAL SALARY	HOURLY CONSULANT FEE	FTEs	ANNUAL CONSULTANT HOURS
Nurse Manager*	$8,570		0.10	
Medical Director		$150		20
Registered Nurses*	$55,973		2.00	
CNAs	$25,043		1.00	
Social Worker**				
Ancillary / Support Staff***				
Total Positions/Hours/FTEs			**3.10**	**20**

* Nursing staff will provide care in the adjacent inpatient oncology unit These FTEs are allocated to the hospice inpatient unit.
** Social work services will be provided by the PCHA and PHM social work staffs.
*** All other ancillary and support staff will be provided by PHM staff.

On page 79 the applicants state that Dr. Richard Foulke will serve as the Medical Director of the hospice inpatient unit. In Exhibit 3 the applicants provide an April 26, 2012 letter signed by Dr. Foulke, current Medical Director of PHM Oncology Services, confirming his commitment to serve as Medical Director of the hospice inpatient unit. On page 97 the applicants project the number of direct care staff for the proposed hospice inpatient unit. The applicants project one FTE staff member will be on duty on each shift in the hospice inpatient unit. The hospice inpatient staff will be supplemented by the nursing staff of the adjacent oncology unit, as necessary. According to the Acute and Home Care Licensure and Certification Section, the proposed staffing would meet the hospice inpatient licensure regulation for hospice beds in an acute care hospital. In the second year of operation, the applicants project to provide 9.85 nursing hours per patient day (NHPPD) for inpatient services [49,640 total nursing hours / 5,041 inpatient patient days of care = 9.85 NHPPD].

The applicants adequately demonstrate the availability of resources, including health manpower and management personnel, for the provision of the proposed hospice services. Therefore, the application is conforming to this criterion.

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

C

In Section II.3, pages 24-25, the applicants state that PHM and PHCA provide all the listed hospice services, which will be available to PHM. Exhibit 10 contains a copy of an agreement between The Presbyterian Hospital, Presbyterian Medical Care Corp., Presbyterian Orthopaedic Hospital and PHM concerning hospital services to support the hospice inpatient unit. Exhibit 4 contains letters of support from area physicians. Exhibit 16 contains a list of Presbyterian Medical Care Corp.'s transfer agreements.

The applicants adequately demonstrate that necessary ancillary and support services will be available from PHM and PHCA, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming with this criterion.

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

NA

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

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction

project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

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

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

C

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and CY 2009, respectively. The data in the table was obtained on August 9, 2012. More current data, particularly with regard to the estimated uninsured percentages, were not available.

	Total # of Medicaid Eligibles as % of Total Population	**Total # of Medicaid Eligibles Age 21 and older as % of Total Population**	**% Uninsured CY 2009***
Statewide	17.0%	6.8%	19.7%
Mecklenberg	15%	5.1%	20.1%

*Source: Cecil G. Sheps Center

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services offered by hospice inpatient and residential facilities.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data are available by age, race or gender. However, a direct comparison to the applicant's current payor mix would be of little value. The population data by age, race and gender do not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Annual data provided by the Carolinas Center for Hospice and End of Life Care reports that hospice patients in North Carolina had the following payor mix during FFY 2011.

NC Hospice Patients by Payor Mix

Payor	% Patient Days	% Patients
Hospice Medicare	91.6%	86.3%
Hospice Private Insurance	3.4%	5.9%
Hospice Medicaid	3.4%	4.9%
Self Pay / Other	1.6%	2.8%
Total	100.0%	100.0%

The following table shows North Carolina and national hospice patients by race and ethnicity.

Hospice Patients by Race and Ethnicity

	% of Hospice Patients NC Data (2011)	% of Hospice Patients National Data (2010)
Race:		
White/ Caucasian	80.1%	77.3%
Black/ African American	13.6%	8.9%
Asian, Hawaiian, Other Pacific Islander	2.7%	2.5%
American Indian or Alaskan Native	1.0%	0.3%
Other Race	2.5%	11.0%
	100.0%	**100.0%**
Ethnicity		
Hispanic or Latino Origin	1.0%	5.7%
Non-Hispanic or Latino Origin	99.0%	94.3%
	100.0%	**100.0%**

Source: Carolinas Center for Hospice and End of Life Care

The following table shows North Carolina and national hospice patients by age groups for FFY09, which indicates more than 80% are age 65+ and will be Medicare eligible.

Hospice Patients by Age Categories

Age Category	% of Hospice Patients NC Data (2011)	% of Hospice Patients National Data (2010)
0-34	0.8%	1.3%
35-64	16.5%	16.1%
65-74	18.2%	15.9%
75+	64.5%	66.8%
	100.0%	**100.0%**

Source: Carolinas Center for Hospice and End of Life Care

In Section VI.1, page 84, the applicants provide the payor mix for total hospice patients and hospice patient days of care for PHCA for FFY2011, as shown in the table below.

Payor	Hospice Patients	Hospice Inpatient Days of Care
Medicare	90%	92%
Medicaid	3%	3%
Commercial	5%	4%
Private Pay	2%	1%
Total	100.0%	100.0%

In Section VI.5, page 85, the applicants state:

> *"It is the policy of Novant Health and Presbyterian Hospital Matthews, which include the proposed hospice inpatient beds, to provide all services to all patients regardless of income, insurance coverage, age, racial/ethnic origin, gender, physical or mental condition, or any other factor that would classify a patient as underserved."*

Exhibit 9 contains copies of policies for charity care, uninsured discounts, catastrophic discounts, payment plans and business office policies.

The applicants adequately demonstrate that medically underserved populations currently have adequate access to services provided by PHCA and PHM. Therefore, the application is conforming with this criterion.

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

C

In Section VI.10, page 90, the applicants states that there have been no such complaints filed against PHM or any other Novant acute care hospitals during the past five years. Therefore, the application is conforming with this criterion.

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

C

In Section VI.4, page 85, the applicants provide the projected payor mix for hospice inpatient beds for the second year of operation, as shown in the table below.

Payor	Year 2 PHM Hospice Inpatients	Year 2 PHM Hospice Inpatient Days of Care	FFY 2011 Presbyterian Hospice IP Days of Care*
Medicare	87%	87%	92.5%
Medicaid	5%	5%	3.8%
Commercial	7%	7%	3.6%
Private Pay	1%	1%	0.3%
Total	**100.0%**	**100.0%**	**100.0%**

* Total does not foot due to rounding.
Source: 2012 Licensure Renewal Application

The projected payor mix is consistent with the statewide hospice payor mix provided in the FY2010 annual report from The Carolinas Center for Hospice and End of Life Care. The applicants adequately demonstrate that medically underserved groups will be adequately served by the proposed hospice facility. Therefore, the application is conforming with this criterion.

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

C

In Section VI.9, page 89, the applicants state:

> *"All persons will have access to the PHM Hospice Inpatient Unit through physicians referral, hospice care agency referrals, hospital discharge planners, skilled nursing and assisted living facilities, self-referral, referral from clergy, a family member, or other member of the community."*

Exhibit 9 contains copies of the charity care and other business office policies. The applicants adequately demonstrate the range of means by which a person will have access to the proposed hospice facility. Therefore, the application is conforming with this criterion.

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

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In Section V.1(c), page 77, the applicants state:

> *"Presbyterian Hospital Matthews has many established clinical education agreements with area health education programs in the service area and these agreements will encompass the Hospice Inpatient Unit at PHM once operational. See Exhibit 16 for a list of Presbyterian Healthcare's clinical education agreements and a sample clinical education agreement."*

The applicants adequately demonstrate that the facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming with this criterion.

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

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

C

There are currently thirteen hospice providers in Mecklenburg County. Two providers operate inpatient units/facilities with a third unit approved. Hospice & Palliative Care Charlotte Region received a CON to develop ten hospice inpatient beds in south Charlotte on November 15, 2011 (Project ID #F-008677-11). It is projected to be completed on November 30, 2012. See Sections II, III, V, VI and VII. In particular, see Section V, pages 80-83, in which the applicants discuss the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition include a positive impact on cost-effectiveness, quality and access to dialysis services in Mecklenburg County. This determination is based on the information in the application, and the following::

- The applicants adequately demonstrate the need to develop three hospice inpatient beds in Matthews and that it is a cost- effective alternative.
- The applicants have and will continue to provide quality services: and
- The applicants have and will continue to provide adequate access to medically underserved populations.

Therefore, the application is conforming with this criterion.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

According to the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred at PHCA or Presbyterian Hospital Matthews within the eighteen months immediately preceding the date of this decision for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming wuth this criterion.

(21) Repealed effective July 1, 1987.

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

C

The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000. The specific criteria are discussed below.

10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall complete the application form for Hospice Inpatient and Hospice Residential Care Services.

-C- The applicants used the correct application form;

(b) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall provide the following information:

(1) the projected annual number of hospice patients, admissions, deaths, and other discharges, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be served in the facility in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;

-C- In Section II.2, page 11, the applicants provide the projected number of hospice inpatients, admissions, deaths and other discharges to be served in each of the first three years following completion of the project, as shown in the table below. The methodology and assumptions used to develop the projections are provided on page 11.

PHM Hospice Inpatient Projections

Level of Care	FY2014	FY2015	FY2016
Inpatient Only			
Patients	110	115	120
Admissions	110	115	90
Deaths	83	86	30
Discharges	27	29	30

(2) the projected annual number of hospice patients, admissions, deaths, and other discharges for each level of care to be served by the applicant's licensed hospice agency in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;

-C- On page 12 the applicants project the annual number of hospice patients, admissions, deaths, and other discharges for each level of care for total hospice agency operations in each of the first three years following completion of the project. The methodology and assumptions used to develop the projections are provided on pages 12-13.

PHCA Total Hospice Operations

Level of Care	Year 1 FY2014	Year 2 FY2015	Year 3 FY2016
Home Care			
Patients	760	843	936
Admissions	760	843	936
Deaths	187	168	145
Discharges	42	38	12
Inpatient			
Patients	735	815	905
Admissions	735	815	905
Deaths	600	666	739
Discharges	135	149	166
Respite			
Patients	219	242	268
Admissions	219	242	268
Deaths	0	0	0
Discharges	219	242	268
Total			
Patients	964	1,021	1,083
Admissions	964	1,021	1,083
Deaths*	787	834	884
Discharges**	177	187	178

* Sum of home care and inpatient deaths.
** Sum of home care and inpatient discharges.

(3) the projected annual number of patient care days, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be provided in each of the first three years of operation following completion of the project and the methodology and assumptions used to make the projections;

-C- On page 14 the applicants show projected annual number of patient care days for the inpatient level of care to be provided in each of the first three years of operation, as shown in the table below. The methodology and assumptions used to develop the projections are provided on pages 42-47.

Projected Inpatient Care Days

Care Level	Year 1 FY2014	Year 2 FY2015	Year 3 FY2016
Inpatient	682	712	744

(4) the projected average length of stay (ALOS) based on admissions to the applicant's facility, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;

-C- In Section II.2, page 14, the applicants provide the projected average length of stay (ALOS) for the inpatient level of care, as shown in the table below:

Average Length of Stay

Care Level	Year 1 FY2013	Year 2 FY2014	Year 3 FY2015
Inpatient	6.2	6.2	6.2

The methodology and assumptions used to develop the projections are provided in Exhibit 2, Table 7.

(5) the projected readmission rate, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;

-NA- On page 14 the applicants state: *"The PHM Hospice Inpatient* [Unit] *will not use a re-admission rate. That is consistent with the practice of the Harris Hospice Unit at Presbyterian Hospital. A patient is admitted to the Presbyterian Hospice Home Care Agency, and days of care are tracked and reported to the state by level of care."*

(6) the projected average annual cost per patient care day, by level of care (i.e., respite care, hospice residential care and hospice inpatient care) for each of the first three operating years following completion of the project and the methodology and assumptions used to project the average annual cost;

-C- In Form C the applicants provide the projected average annual cost per patient care day for the inpatient level of care for each of the first three operating years following completion of the project, as shown below. The methodology and assumptions are provided in Form C.

Care Level	Year 1 FY2014	Year 2 FY2015	Year 3 FY2016
Inpatient	$439.04	$437.24	$436.48

(7) documentation of attempts made to establish working relationships with sources of referrals to the hospice facility including copies of proposed agreements for the provision of inpatient care and residential care;

-C- In Section II, page 15, the applicants state:

"Presbyterian Hospice Care Agency has long-standing, established referral relationships with physicians, hospitals, and other health care facilities in Mecklenburg County and surrounding communities."

Exhibit 4 contains letters of support from area physicians.

(8) documentation of the projected number of referrals to be made by each referral source;

-C- In Section II, page 16, the applicants provide the following information regarding the percentage of referrals from each referral source, based on historical utilization, as shown in the table below.

Referral Source	Year 1 FY2014	Year 2 FY2015	Year 3 FY2016
Physicians	35.0%	35.0%	35.0%
Presbyterian System Hospitals	63.5%	63.5%	63.5%
Nursing Homes	1.0%	1.0%	1.0%
Other Providers	0.4%	0.4%	0.4%
Other (Family,. Self)	0.1%	0.1%	0.1%
Total	100.0%	100.0%	100.0%

(9) copies of the proposed contractual agreements, if the applicant is not a licensed hospice, with a licensed hospice or a licensed home care agency with a hospice designation on its license, for the provision of hospice services;

-NA- PHCA is a licensed hospice.

(10) documentation of the projected number of patients to be referred for each payor type from the referring hospices, if the applicant is not a licensed hospice or if the applicant proposes to admit patients on a contractual basis; and

-NA- PHCA is a licensed hospice.

(11) a copy of the admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient and residential care beds.

-C- Exhibit 9 contains a copy of the Admissions Policy.

10A NCAC 14C .4003 PERFORMANCE STANDARDS

(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that:

(1) the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project;

-C- In Section IV, page 75, the applicants project that the occupancy rate in the last six months of the first operating year will be 62.4% [342 / 183 = 1.87 / 3 = .624].

(2) the average occupancy rate for the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project; and
`

-C- In Section IV, page 75, the applicants project the occupancy rate for the second operating year will be 65.1% [712 days / 365 = 1.951 / 3 = .651].

(3) if the application is submitted to address the need for hospice residential care beds, each existing hospice residential care facility which is located in the hospice service area operated at an occupancy rate of at least 65 percent for the 12 month period reported on that facility's most recent Licensure Renewal Application Form.

-NA- The applicants do not propose to add hospice residential care beds.

(b) An applicant proposing to add hospice inpatient facility beds to an existing hospice inpatient facility shall document that the average occupancy of the licensed hospice inpatient facility beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.

-NA- The applicants do not propose to add hospice inpatient beds to an existing hospice facility.

(c) An applicant proposing to add residential care beds to an existing hospice residential care facility shall document that the average occupancy of the licensed hospice residential care beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.

-NA- The applicants do not propose to add residential care beds to an existing facility.

10A NCAC 14C .4004 SUPPORT SERVICES

(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that the following services will be provided directly by the applicant or by a contracted hospice to the patient and the patient's family or significant others:

(1) nursing services;
(2) social work services;
(3) counseling services including dietary, spiritual, and family counseling;
(4) bereavement counseling services;
(5) volunteer services;
(6) physician services; and
(7) medical supplies.

-C- Exhibit 3 contains a letter from the Vice President and COO of PHM documenting that the hospice services required by this rule will be provided.

(b) An applicant shall demonstrate that the nursing services listed in Paragraph (a) of this Rule will be available 24 hours a day, seven days a week.

-C- Exhibit 3 contains a letter from the Vice President and COO of PHM documenting that the nursing services required by this rule will be available 24 hours a day, 7 days a week.

(c) An applicant proposing to develop a hospice inpatient facility or a hospice residential care facility shall provide documentation that pharmaceutical services will be provided directly by the facility or by contract.

-C- On page 25 the applicants state that the PHM hospital pharmaceutical services will be available to support the hospice inpatient unit.

(d) For each of the services listed in Paragraphs (a) and (c) of this Rule which are proposed to be provided by contract, the applicant shall provide a copy of a letter from the proposed provider which expresses its interest in working with the proposed facility.

-NA- On page 19 the applicants state that none of the services listed in Paragraphs (a) and (c) are proposed to be provided by contract.

10A NCAC 14C .4005 STAFFING AND STAFF TRAINING

(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall document that staffing will be provided in a manner consistent with G.S. 131E, Article 10.

-C- Exhibit 3 contains a letter from the Vice President and COO of PHM which states that the staffing will comply with the requirements of 131E, Article 10. In Section VII the applicants provide staffing information.

(b) The applicant shall demonstrate that:

(1) the staffing pattern will be consistent with licensure requirements as specified in 10A NCAC 13K, Hospice Licensing Rules;

-C- Exhibit 3 contains a letter from the Vice President and COO of PHM which states that the staffing pattern will be consistent with licensure requirements as specified in 10A NCAC 13K, Hospice Licensing Rules.

(2) training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules.

-C- Exhibit 3 contains a letter from the Vice President and COO of PHM which states that training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules.

10A NCAC 14C .4006 FACILITY

An applicant proposing to develop new hospice inpatient facility beds or new hospice residential care facility beds shall document:

(1) that a home-like setting shall be provided in the facility;

-C- Exhibit 3 contains a letter from the Senior Director, Design and Construction, which states that a home-like setting shall be provided in the facility.

(2) that the services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements; and

-C- Exhibit 3 contains a letter from the Senior Director, Design and Construction, which states that the services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements.

(3) for new facilities, the location of the site on which the services are to be operated. If the site is neither owned by nor under option to the applicant, the applicant must provide a written commitment to pursue acquiring the site if and when the approval is granted, must specify a secondary site on which the services could be operated if acquisition efforts relative to the primary site ultimately fail, and must demonstrate that the primary and secondary sites are available for acquisition.

-NA- PHM is not proposing a new facility in this application.