ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

DECISION DATE: March 2, 2012
PROJECT ANALYST: Les Brown
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: F-8761-11 / The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center / Add 19 acute care beds in existing space for a total of 814 acute care beds upon project completion / Mecklenburg 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

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (CMC-Main) is located at 1000 Blythe Boulevard in Charlotte. CMC-Main is currently licensed for 795 acute care beds. The applicant proposes to add 19 new acute care beds at this location. The 2011 State Medical Facilities Plan (SMFP) includes a need determination for 107 acute care beds for the Mecklenburg County Acute Care Bed Service Area. The 2011 SMFP states:

> *"Any qualified applicant may apply for a certificate of need to acquire the needed acute care beds. A person is a qualified applicant if he or she proposes to operate the additional acute care beds in a hospital that will provide:*

(1) a 24-hour emergency services department,
(2) inpatient medical services to both surgical and non-surgical patients, and
(3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid services (CMS), as follows: … [as listed in the 2011 SFMP]."

The applicant proposes to develop 19 of the 107 acute care beds available for Mecklenburg County in the 2011 SMFP. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. CMC-Main currently operates a 24-hour emergency services department. In Exhibit 15 the applicant provides the number of patient days of care by major diagnostic category (MDC) provided at CMC-Main during Calendar Year 2010. CMC-Main provides services in all 25 MDCs listed in the 2011 SMFP. Therefore, the applicant adequately demonstrates that it will provide medical and surgical services in at least five MDCs recognized by the Centers for Medicare and Medicaid Services (CMS). CMC-Main adequately demonstrates that it provides inpatient medical services to both surgical and non-surgical patients. Thus, CMC-Main is a qualified applicant and the proposal is consistent with the need determination in the 2011 SMFP for acute care beds in Mecklenburg County.

Policy GEN-3: Basic Principles is applicable to this review. Policy GEN-3 states:

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

Regarding promoting safety and quality, in Section III, page 111, the applicant states:

"The proposed project will allow CMC to expand its acute care bed count, which will in turn allow CMC to better meet patient needs and expectations – thus increasing overall patient satisfaction. Further, the addition of capacity will effectively reduce the number of stroke patients admitted to other units, allow for future growth of stroke patients, and will promote CMC's focus on the

neurosciences service line by further centralizing much of the neurosciences services on the ninth floor of the medical center."

The applicant adequately demonstrates the proposal will promote safety and quality.

Regarding providing equitable access in Section III, page 112, the applicant states:

"CMC has historically demonstrated a commitment to ensuring equitable access and will continue to provide such access upon completion of the proposed project. CMC provides care to a high volume of medically underserved individuals. In Calendar Year (CY) 2010, CMC provided more than $243 million, or 8.2 percent of gross revenue, in charity care and bad debt. In addition to providing services to the low-income patients at the medical center, CMC operates three hospital-based community clinics in the Charlotte area. These facilities attempt to serve patients' prmary care and low acuity needs in order to decompress overcrowding in the emergency department."

The applicant adequately demonstrates the proposal will promote equitable access.

Regarding maximizing healthcare value for resources expended, in Section III, page 110, the applicant states:

"By locating these additional beds in space vacated by women's services, the cost of the project is significantly lower than if the medical center were to develop new construction to house the beds. CMC has reduced expenses by utilizing existing space and avoiding new construction and has thus proposed the most value-conscious alternative for developing the 19 additional acute care beds."

The applicant adequately demonstrates the need for the 19 additional acute care beds and adequately demonstrates that projected volumes for the proposed services incorporate the basic principles in meeting the needs of the patients to be served. The applicant adequately demonstrates the proposal will maximize health care value. See Criteria (3) and (13c) for additional discussion. Thus, the application is conforming with Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities is applicable to this review. This policy states:

"Any person proposing a capital expenditure greater than $2 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement

describing the project's plan to assure improved energy efficiency and water conservation.

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

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

With regard to Policy GEN-4, in Section III.2, pages 113-114, CMC-Main states:

"CHS employs a Facility Management Group with experienced, highly trained and qualified architects, engineers, project managers, tradesmen and technicians, who design, construct, operate and maintain CHS facilities.

Hospital equipment is maintained on a computerized preventive maintenance schedule and monitored using integrated building control systems. CHS's multi-disciplinary team participates during planning and design to ensure that new systems and components incorporate demonstrated best practices as well as to recommend new and improved practices.

CMC will work with experienced architects and engineers to develop this proposed project to ensure energy efficient systems are an inherent part of the proposed project to the degree appropriate with the proposed renovations. The design team for the proposed project has Energy Star, Leadership in Energy and Environmental Design (LEED) and Hospitals for a Healthy Envirionment Green Guide for HealthCare (GGHC) experience."

The applicant adequately describes the project's plan to assure improved energy efficiency and water conservation. Thus, the application is conforming with Policy GEN-4.

In summary, the application is conforming with the need determination in the 2011 SMFP, Policy GEN-3 and Policy GEN-4. 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

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (CMC-Main) proposes to add 19 acute care beds in response to the need determination in the 2011 SMFP. The proposal includes thirteen medical-surgical beds and six intensive care unit (ICU) beds to be developed in existing space, vacated as a result of the consolidation of maternity services (Project ID # F-8044-08). According to the Progress Report dated October 3, 2011, that project was completed on September 14, 2011. The 19 additional beds are proposed to be a dedicated neurosciences specialty inpatient unit.

Population To Be Served

In Section III.5(a), pages 123-124, the applicant states:

> *"CMC projects that Mecklenburg County will remain its primary service area and Union, Gaston, Lincoln, Cabarrus, Cleveland and Iredell counties in North Carolina and York and Lancaster counties in South Carolina will be secondary service areas."*

On pages 122-123 the applicant provides the patient origin of adult acute care beds and adult ICU beds for CY 2010, as shown in the table below.

Patient Origin (CY 2010)

County	Adult Acute Care Beds	Adult ICU Beds
Mecklenburg	55.0%	42.2%
Gaston	5.2%	5.3%
York (SC)	5.8%	6.9%
Cleveland	3.6%	5.5%
Union	5.4%	5.4%
Lincoln	2.5%	2.9%
Cabarrus	2.1%	2.0%
Iredell	1.9%	2.1%
Lancaster (SC)	1.9%	2.8%
Other*	16.5%	24.9%
Total	100.0%	100.0%

*****The applicant identifies the NC counties and other states included in "Other" on pages 122-123.

On pages 126-127 the applicant projects the patient origin of adult acute care beds and adult ICU beds for the first two years of operation, as shown in the table below.

Projected Patient Origin (Years 1 and 2)

County	Adult Acute Care Beds	Adult ICU Beds
Mecklenburg	55.4%	41.3%
Gaston	5.2%	5.2%
York (SC)	4.7%	5.8%
Cleveland	4.0%	6.0%
Union	3.9%	3.8%
Lincoln	2.8%	3.2%
Cabarrus	2.3%	2.2%
Iredell	2.1%	2.3%
Lancaster (SC)	1.7%	2.7%
Other	18.1%	27,4%
Total	100.0%	100.0%

*****The applicant identifies the NC counties and other states included in "Other" on pages 122-123.

In Section III.5(d), page 128, the applicant states:

> *"CMC projected patient origin for its adult acute care and adult ICU beds based on its existing patient origin by service, modified to account for the projected shifts to CMC-Fort Mill and CMC-Pineville, as outlined in the methodologies presented in the CMC-Fort Mill and CMC-Pineville exhibits (see Exhibits 43 and 17). CMC assumed that all patients shifting to CMC-Fort Mill will originate from York County."*

The applicant adequately identifies the population to be served.

Need for the Proposed Project

On pages 72-90 the applicant describes the need for the proposed project as follows:

- Population Growth: According to the North Carolina Office of State Budget and Management (OSBM), Mecklenburg County is the second fastest growing county in North Carolina based on numerical growth and eighth fastest growing county based on percentage growth. Based on OSBM projections, Mecklenburg County will have the largest number of residents over age 65 in 2020, with a 10-year increase of 58.1%.

- High Occupancy Rates: The following table from page 80 shows the acute care bed utilization at CMC-Main from October 1, 2010 through May 31, 2011 (242 days):

Units	Patient Days	Average Daily Census	Beds	Average Occupancy Rate
Total Adult Acute Care	95,019	393	405	96.9%
Total Adult ICU	30,028	124	134	92.6%
Total Other Acute Care	48,698	201	256	78.6%
CMC-Main Total	173,745	718	795	90.3%

- Limited Bed Capacity: While the table above shows average occupancy rates, high census on some days has resulted in CMC-Main receiving approval for the temporary addition of licensed acute care beds. This has occurred several times in the last three years, including a recent temporary expansion for eighteen months.

- Need for Adult Acute Care and Adult ICU Beds: The table above also indicates that the greatest needs for acute care beds at CMC-Main are for adult acute care and adult ICU beds.

- Need to Maintain Regional Neurosciences Services: CMC-Main is an important provider of neuroscience services in North Carolina. CMC-Main is one of the Carolinas Stroke Network's two comprehensive stroke centers. CMC-Main is the only Stroke Center in the region with *"neuro-interventional availability."* On page 85 the applicant states: *"CMC Neuroscience and Spine Institute (NSSI) was the first center of its kind in Charlotte, providing multi-disciplinary treatment, research, and rehabilitation to brain, spine and nervous system disorders."*

- Need for Consolidation of Neurosciences Services: This project will centralize neurosciences services on the ninth floor, improving access to specialized care by physicians and nurses in one integrated location.

Projected Utilization

CMC – Main

On page 105 the applicant projects utilization of the acute care beds at CMC-Main during the first three operating years following project completion, as shown in the table below.

CMC – Main

Calendar Year	Patient Days	Average Daily Census	Acute Care Beds	Occupancy Rate
2011 Annualized	261,376	716.1	795	90.1%
2012	264,420	724.4	795	91.1%
2013 (Year 1)	250,319	685.8	814	84.3%
2014 (Year 2)	253,010	693.2	814	85.2%
2015 (Year 3)	250,483	686.3	814	84.3%

In Section III, pages 96-108, the applicant provides the assumptions and methodology used to project utilization of CMC-Main's acute care beds, as follows:

"*Step Description*

1 *Examine CMC's Historical Acute Care Bed Utilization and Projected Population.*
2 *Determine the Projected Acute Care Bed Patient Days Prior to Shifts by applying projected* [population] *growth rates to historical patient days.*
3 *Convert Federal Fiscal Year data to Calendar Year data.*
4 *Determine the projected Shift of Patient Days from CMC to CMC-Fort Mill.* [In September 2011, CMC was approved by the South Carolina Department of Health and Environmental Control to develop a new acute care hospital in Fort Mill, SC. It is projected to become operational on January 1, 2015.]
5 *Determine the projected Shift of Patient Days from CMC to CMC-Pineville.* [In 2008 CMC-Pineville was approved to add 86 acute care beds, with adult acute care patients to be shifted from CMC-Main to CMC-Pineville, beginning in CY 2013 (Year 1).]
6 *Determine the Projected Acute Care Bed Patient Days by subtracting shifted volume from the projected CMC volume.*
7 *Determine Projected Acute Care Admissions by dividing projected patient days by the historical average length of stay."*

Projected utilization of the acute care beds at CMC-Main is based on reasonable and supported assumptions.

Proposed Intensive Care Beds

The applicant proposes that 6 of the 19 acute care beds be developed as an intensive care unit (ICU) for neurological patients. On page 104 the applicant projects utilization of the proposed and existing adult ICU beds at CMC-Main during the first three operating years following project completion, as shown in the table below.

CMC – Main Adult ICU Beds

Calendar Year	Patient Days	Average Daily Census	ICU Beds	Occupancy Rate
2011 Annualized	45,224	123.9	134	92.5%
2012	45,955	125.9	134	94.0%
2013 (Year 1)	42,536	116.5	140	83.2%
2014 (Year 2)	43,182	118.3	140	84.5%
2015 (Year 3)	43,150	118.2	140	84.4%

As shown in the table above, in Year 3, the applicant projects that occupancy of the adult ICU beds will be 84.4%, which exceeds the 70% required by 10A NCAC 14C .1203(a)(2). In Section III, pages 96-108, the applicant provides the assumptions and methodology used to project utilization of CMC-Main's adult ICU beds, which are the same as the assumptions and methodology stated above. Projected utilization of the adult ICU beds is based on reasonable and supported assumptions.

CMC-Mercy/Pineville

CMC-Mercy/Pineville consists of two campuses: the Mercy campus in downtown Charlotte and the Pineville campus. CMC-Mercy/Pinevile transferred 15 acute care beds to the Pineville campus in 2011, reducing the number of acute care beds on the Mercy campus from 184 to 169. CMC-Mercy/Pineville was approved to transfer an additional 45 beds to the Pineville campus (Project ID# E-7979-07), which would result in a total licensed capacity of 124 acute care beds on the Mercy campus. CMC-Mercy/Pineville is proposing to add 38 acute care beds in a separate application currently under review (Project ID# E-8763-11), which, if approved, would result in total licensed capacity of 162 acute care beds on the Mercy campus. In Exhibit 26 the applicant projects utilization of the acute care beds on the Mercy campus during the first three operating years upon approval and completion of these projects, as shown in the table below.

Mercy Campus

Calendar Year	Patient Days	Average Daily	Acute Care	Occupancy Rate

		Census	Beds	
2011 Annualized	39,407	108.0	169	63.9%
2012	41,052	112.5	169	66.6%
2013	39,598	108.5	162	67.0%
2014 (Year 1)	41,298	113.1	162	69.8%
2015 (Year 2)	42,125	115.4	162	71.2%
2016 (Year 3)	43,946	120.4	162	74.3%

In Exhibit 26 the applicant provides the assumptions and methodology used to project utilization of the acute care beds on the Mercy campus, as shown below.

"*Step Description*

1 Examine Historical Acute Care Bed Utilization.
2 Determine the Projected Acute Care Bed Patient Days Prior to Shifts by applying projected growth rates to patient days. [based on the compound annual growth rate (CAGR) for FFY 2007 - 2010]
3 Convert Federal Fiscal Year data to Calendar Year data.
4 Determine the projected Shift of Patient Days from CMC-Mercy to CMC-Fort Mill.
[In September 2011, CMC was approved by the South Carolina Department of Health and Environmental Control to develop a new acute care hospital in Fort Mill, SC. It is projected to become operational on January 1, 2015.]
5 Determine the projected Shift of Patient Days from CMC to CMC-Pineville.
[In 2008 CMC-Pineville was approved to add 86 acute care beds (Project ID# F-7979-07), with acute care patients to be shifted from CMC-Mercy to CMC-Pineville beginning in CY 2013.]
6 Determine the Projected Acute Care Bed Patient Days by subtracting shifted volume from the projected CMC-Mercy volume.
7 Determine Projected Acute Care Admissions by dividing projected patient days by the historical average length of stay."

Projected utilization of the acute care beds on the Mercy campus is based on reasonable and supported assumptions.

Pineville Campus

In Exhibit 17 the applicant states that in 2008 the Pineville campus was approved for the addition of 86 acute care beds for a total of 206 beds (Project ID# F-7979-07). The applicant projects utilization of the acute care beds on the Pineville campus during the first three operating years upon completion of the Pineville campus project and this project, as shown in the table below.

Pineville Campus

Calendar Year	Patient Days	Average Daily Census	Acute Care Beds	Occupancy Rate
2011 Annualized	31,900	87	120	72.8%
2012	32,728	90	120	74.7%
2013 (Year 1)	62,426	171	206	83.0%
2014 (Year 2)	64,060	176	206	85.2%
2015 (Year 3)	55,916	153	206	74.4%

In Exhibit 17 the applicant provides the assumptions and methodology used to project utilization of the acute care beds on the Pineville campus, as stated below.

"*Step Description*

1. *Calculate historic use rate* [discharges per 1,000 population] *and project future utilization by submarket.*
2. *Project future facility utilization prior to any shifts.*
3. *Shift of Discharges from CMC* [Main] *and CMC-Mercy*
   [CMC-Main assumes that some of the utilization of CMC-Main and the Mercy campus will shift to the Pineville campus in CY 2013, upon completion of the renovation and expansion project on the Pineville campus (Project ID# F-7979-07).]
4. *Impact of CMC-Fort Mill*
   [CMC-Main assumes that there will be a shift in utilization from the Pineville campus to CMC-Fort Mill, beginning in January 2015.]
5. *Summary of Utilization"* [as shown in the table above]

Projected utilization of the acute care beds on the Pineville campus is based on reasonable and supported assumptions.

CMC - University

In Exhibit 25 the applicant states that in 2008 the Pineville campus was approved for the relocation of 36 acute care beds from CMC-University to the Pineville campus, reducing the number of acute care beds at CMC-University from 130 to 94. The applicant projects utilization of the acute care beds at CMC-University during the first three operating years upon completion of the Pineville campus project and this project, as shown in the table below.

CMC – University

Calendar Year	Patient Days	Average Daily Census	Acute Care Beds	Occupancy Rate
2011	22,162	60.7	130	46.7%

Annualized				
2012	22,225	60.9	130	46.8%
2013 (Year 1)	22,289	61.1	94	65.0%
2014 (Year 2)	22,353	61.2	94	65.1%
2015 (Year 3)	22,331	61.2	94	65.1%

In Exhibit 25 the applicant provides the assumptions and methodology used to project utilization of CMC-University's acute care beds, as stated below.

"*Step Description*

1. *Examine the historical utilization* [patient days] *for CMC-University.*
2. *Project future facility utilization prior to any shifts.* [based on compound annual growth rate in patient days for FFY 2007-2011 annualized]
3. *Impact of CMC-Fort Mill* [South Carolina]
   [CMC-Main assumes that there will be a shift in utilization from CMC-University to CMC-Fort Mill beginning in January 2015.]
4. *Summary of Utilization"* [as shown in the table above]

Projected utilization of the acute care beds at CMC-University is based on reasonable and supported assumptions.

The following table summarizes the projected utilization of all CMHA hospitals under common ownership in the Mecklenburg County hospital service area in the third year of operation following project completion.

CMHA Hospitals in Mecklenburg County (CY 2015 – Year 3)

Hospital	Average Daily Census	Licensed Acute Care Beds	Occupancy Rate
CMC-Main	686.3	814	84.3%
CMC-University	61.2	94	65.1%
Mercy campus	115.4	162	71.2%
Pineville campus	153.0	206	74.4%
Total	1,015.9	1,276	79.7%

The projected third year occupancy rate of the total number of CMHA licensed acute care beds under common ownership in Mecklenburg County is 79.7%, which exceeds the performance standard in 10A NCAC 14C .3803(a), which requires the projected occupancy rate in the third year of operation to be at least 75.2% for hospitals with an average daily census greater than 200 patients. The applicant's projected utilization for the acute care beds is based on reasonable and supported assumptions. Therefore, the applicant adequately demonstrates the need for the 19 additional acute care beds at CMC-Main.

In summary, the applicant adequately identifies the population proposed to be served and adequately demonstrates the need for the proposed 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.

C

In Section III.3, pages 115-120, the applicant describes the alternatives it considered prior to the submission of its application, which include: maintain the status quo, move beds from other campuses to CMC-Main, add beds at other CHS campuses, develop more than 19 beds at CMC-Main and develop the proposed project. Furthermore, the application is conforming with all other applicable statutory and regulatory review criteria. See Criteria (1), (3), (5), (6), (7), (8), (13), (18a), (20) and 10A NCAC 14C .3800. for discussion. Therefore, the applicant adequately demonstrates that the proposal is its least costly or most effective alternative. The application is conforming with this criterion and approved subject to the following conditions:

1. **The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center shall materially comply with all representations made in the certificate of need application.**

2. **The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center shall be licensed for no more than 814 adult acute care beds upon project completion.**

3. **The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in**

Section VIII of the application and that would otherwise require a certificate of need.

4. **The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center shall acknowledge acceptance of and agree to comply 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.

C

In Section VIII.1, page 163, the applicant states the total capital cost of the project will be $3,825,875. In Section IX, page 168, the applicant states that it will not incur any start-up costs or initial operating expenses. In Section VIII.7, page 165, the applicant states that the total capital cost of the project will be financed with a tax-exempt bond issue. Exhibit 51 contains a letter from the Executive Vice President and Chief Financial Officer of CHS, dated October 17, 2011, which states:

> *"As the Chief Financial Officer for Carolinas HealthCare System, I am responsible for the financial operations of Carolinas Medical Center. As such, I am very familiar with the organization's financial position. The total capital expenditure for the project is estimated to be $3,825,875 and will be funded through proceeds from bonds issued in 2011."*

Exhibit 52 contains the audited financial statements for The Charlotte-Mecklenburg Hospital Authority which shows $673,446,000 in Current Assets and $5,071,717,000 in Total Net Assets as of December 31, 2010. CMC adequately demonstrates the availability of sufficient funds for the capital needs of the proposed project.

In the projected revenue and expense statements for CMC-Main, the applicant projects revenues and expenses for the entire facility and for each of the service components. The applicant projects that revenue will exceed expenses in the first three years of operation for the entire facility, as shown in the table below.

Projected Revenue and Expenses (in 000s)

	Year 1 CY 2013	**Year 2 CY 2014**	**Year 3 CY 2015**
Total Net Revenue	$1,445,116	$1,542,905	$1,649,862
Total Expenses (Direct and Indirect)	$1,202,296	$1,261,106	$1,322,835

Net Income	$242,820	$281,799	$327,026

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization. See Criterion (3) for discussion of projected utilization.

In summary, the applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project, and adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. 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.

C

The 2011 SMFP includes an Acute Care Bed Need Determination for 107 additional acute care beds in the Mecklenburg County Acute Care Bed Service Area. The applicant proposes to develop 19 acute care beds in Mecklenburg County. The applicant does not propose to develop more acute care beds than are determined to be needed in the service area. The applicant adequately demonstrates the need for its proposal. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrates that the proposed project 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.

C

In Section VII, page 155, the applicant projects a total of 915.71 full-time equivalent (FTE) positions for the adult acute care beds in the second full operating year of the proposed project (Year 2). The applicant projects a total of 376.02 FTE positions for the adult ICU beds in Year 2. In Section VII.6, pages 158-159, the applicant describes its experience and procedures for recruiting and retaining personnel. In Section V.3(c), page 137, the applicant identifies Dr. Nancy Gritter as the Chief of the Medical Staff at CMC-Main. Dr. Domagoj Coric is identified as the current ICU Medical Director at CMC-Main. Exhibit 33 contains a letter from Dr. Coric stating that he will continue to serve as ICU Medical Director upon completion of the project. Exhibit 56 contains letters from physicians expressing their support for this project and their willingness to refer patients to CMC-Main. The applicant adequately demonstrates the availability of sufficient health manpower and

administrative personnel for the provision of the proposed services. Therefore, the application is conforming with 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.2, pages 27-28, the applicant states:

> *"As an existing academic medical center teaching hospital, CMC currently has all ancillary and support services in place necessary to support hospital operations. These existing ancillary and support services will also support the increase in acute care bed capacity proposed in the application. Patients that are admitted to the proposed medical/surgical and ICU beds may require the use of any of CMC's existing ancillary and support services including laboratory, radiology, pharmacy, dietary, housekeeping, maintenance, and administration among others."*

Exhibit 46 contains a list of healthcare facilities with which CMC-Main currently has transfer agreements. Exhibit 56 contains letters from physicians supporting the proposed project. The applicant adequately demonstrates that the proposed project will be coordinated with the existing health care system and that the necessary ancillary and support services will be available. 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

In Section VI.12, page 151, the applicant provides the payer mix during CY 2010 for all services provided at CMC-Main, as illustrated in the table below. See Section VI.13, pages 151-152, for the payer mix during CY 2010 for adult acute care beds and adult ICU beds.

` **CMC-Main Patient Days by Payer – CY 2010**

Payer Category	Percent of Total
Medicare	32.9%
Medicaid	32.3%
Commercial	29.1%

Self Pay/Other	5.7%
Total	**100.0%**

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 2008-2009, respectively. The data in the table were obtained on February 20, 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 2008-2009 (Estimate by Cecil G. Sheps Center)**
Mecklenburg County	15%	5.1%	20.1%
Statewide	17%	6.8%	19.7%

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 adult acute care services proposed by CMC-Main in this application.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types
of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

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 and 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.

The applicant demonstrates that medically underserved populations currently have adequate access to CMC-Main's existing services and 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

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section VI.11, page 150, the applicant states:

> *"CMC has had no obligation to provide uncompensated care during the last three years. As stated earlier, the medical center provides, without obligation, a considerable amount of bad debt and charity care and in CY 2010 provided approximately $243 million in bad debt and charity care."*

In Section VI.10, page 150, the applicant states that no civil rights equal access complaints or violations were filed against CMC-Main in the last five years. According to the Acute and Home Care Licensure and Certification Section, DHSR, the facility is currently in compliance with EMTALA regulations. 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.14(a), page 152, the applicant projects the following payer mix for the entire facility in the second full fiscal year of operation (CY 2014). See Section VI.15, page 153, for the projected payer mix for all adult care beds and adult ICU beds.

CMC-Main Patient Days by Payer – Year 2 (CY 2014)

Payer Category	Percent of Total
Medicare	32.9%
Medicaid	32.3%
Commercial	29.1%
Self Pay/Other	5.7%
Total	**100.0%**

In Section VI.14(b), page 152, the applicant states:

> *"CMC assumes that its facility-wide payor mix will not change from its historical mix as shown in Section VI.12."*

The applicant demonstrates that medically underserved populations will have adequate access to the proposed services and 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

See Section VI.9, page 149, states:

> *"Persons have access to services at CMC through referrals from physicians who have admitting privileges at the medical center. Patients of CMC are also admitted through the emergency department."*

The information provided is reasonable and credible and supports a finding of conformity 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.

C

On pages 134-135 the applicant describes its relationships with health professional training programs. CMC-Main has established arrangements with many training programs, including Central Piedmont Community College, Queens University of Charlotte, University of North Carolina at Charlotte, Gardner-Webb University, Presbyterian School of Nursing and Mercy School of Nursing. CMC, Cabarrus College of Health Sciences and Carolinas College of Health Sciences provide educational opportunities for over 1,000 residents, physician extenders and students in nursing, radiology and other allied health professions. CMC-Main manages the Charlotte Area

Health Education Center through an arrangement with University of North Carolina at Chapel Hill. The information provided is reasonable and credible and supports a finding of conformity 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

See Sections II, III, V, VI and VII. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicant adequately demonstrates that the proposal is needed and that it is a cost-effective alternative to meet the demonstrated need [see Criteria (1), (3), (4) and (5) for additional discussion];
- The applicant has and will continue to provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicant has and will continue to provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

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 files in the Acute and Home Care Licensure and Certification Section on February 2, 2011, CMC-Main was surveyed as a result of a complaint.

That survey resulted in an Immediate Jeopardy (IJ) and condition-level deficiencies. Based on a full survey on March 4, 2011 and a follow-up survey on May 5, 2011, the IJ had been abated and the quality of care deficiencies had been corrected. Therefore, the application is conforming with 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.

The Criteria and Standards for Acute Care Beds, as promulgated in 10A NCAC 14C Section .3800, and the Criteria and Standards for Intensive Care Services, as promulgated in 10A NCAC 14C Section .1200, are applicable to this review. The proposal is conforming with all applicable Criteria and Standards for Acute Care Beds and Intensive Care Services. The specific findings are discussed below.

SECTION .3800 - CRITERIA AND STANDARDS FOR ACUTE CARE BEDS

10A NCAC 14C .3802 INFORMATION REQUIRED OF APPLICANT

(a) An applicant that proposes to develop new acute care beds shall complete the Acute Care Facility/Medical Equipment application form.

-C- The applicant completed the Acute Care Facility/Medical Equipment application form.

(b) An applicant proposing to develop new acute care beds shall submit the following information:

(1) the number of acute care beds proposed to be licensed and operated following completion of the proposed project;

-C- On page 19 the applicant states that it proposes to develop 19 additional licensed and operational acute care beds for a total of 814 acute care beds upon completion of the project.

(2) documentation that the proposed services shall be provided in conformance with all applicable facility, programmatic, and service specific licensure, certification, and JCAHO accreditation standards;

-C- On page 30 and in Exhibit 10, the applicant provides documentation that the services will be provided in conformance with all applicable facility, programmatic and service specific licensure, certification and Joint Commission accreditation standards.

(3) documentation that the proposed services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies;

-C- On pages 36-37 and in Exhibit 14, the applicant provides documentation that the services will be provided in a physical environment that conforms to the requirements of federal, state and local regulatory bodies.

(4) if adding new acute care beds to an existing facility, documentation of the number of inpatient days of care provided in the last operating year in the existing licensed acute care beds by medical diagnostic category, as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the applicable State Medical Facilities Plan;

-C- In Exhibit 15 the applicant includes a table illustrating the number of inpatient days of care provided in the last operating year in the existing licensed acute care beds by medical diagnostic category, as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the applicable SMFP.

(5) the projected number of inpatient days of care to be provided in the total number of licensed acute care beds in the facility, by county of residence, for each of the first three years following completion of the proposed project, including all assumptions, data and methodologies;

-C- In Exhibit 16 the applicant provides the projected number of inpatient days of care to be provided in the total number of licensed acute care beds in the facility, by county of residence, for each of the first three years following completion of the project. In Section III.1, pages 96-108, the applicant provides the assumptions, data and methodology used for the projections. See Criterion (3) for discussion regarding the reasonableness of the projections.

(6) documentation that the applicant shall be able to communicate with emergency transportation agencies 24 hours per day, 7 days per week;

-C- On page 38 and in Exhibit 18, the applicant provides documentation that CMC-Main will be able to communicate with emergency transportation agencies 24 hours per day, 7 days per week.

(7) documentation that services in the emergency care department shall be provided 24 hours per day, 7 days per week, including a description of the scope of services to be provided during each shift and the physician and professional staffing that will be responsible for provision of those services;

-CA- In Exhibit 18 the applicant states the Emergency Department operates 24 hours per day, 7 days per week. However, the applicant does not describe the scope of services for each shift and does not provide the physician and professional staffing for each shift. Therefore, the application is conforming to this rule subject to the following condition.

Prior to issuance of the certificate of need, The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center shall provide the Certificate of Need Section with a description of the scope of services to be provided in the Emergency Department during each shift and the proposed physician and professional staffing of the Emergency Department for each shift.

(8) copy of written administrative policies that prohibit the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability or the patient's ability to pay;

-C- In Exhibit 19 the applicant provides written administrative policies documenting that CMC-Main will prohibit the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability or the patient's ability to pay.

(9) a written commitment to participate in and comply with conditions of participation in the Medicare and Medicaid programs;

-C- On page 44 and in Exhibit 20, the applicant provides a written commitment from the President of CMC-Main documenting CMC-Main's commitment to continue to participate in and comply with conditions of participation in the Medicare and Medicaid programs.

(10) documentation of the health care services provided by the applicant, and any facility in North Carolina owned or operated by the applicant's parent organization, in each of the last two operating years to Medicare patients, Medicaid patients, and patients who are not able to pay for their care;

-C- On pages 44-46 the applicant provides documentation and a chart showing the percentages for Medicare, Medicaid, other and uninsured patients at CMC facilities for CY 2009 and CY 2010**.**

(11) documentation of strategies to be used and activities undertaken by the applicant to attract physicians and medical staff who will provide care to patients without regard to their ability to pay; and

-C- On pages 46-47 and in Exhibit 22, the applicant provides documentation of strategies to be used and activities undertaken by the applicant to attract physicians and medical staff who will provide care to patients without regard to their ability to pay.

(12) documentation that the proposed new acute care beds shall be operated in a hospital that provides inpatient medical services to both surgical and non-surgical patients.

-C- On page 47 and in Exhibits 15 and 24, the applicant provides documentation that the proposed new acute care beds at CMC-Main will provide inpatient medical services to both surgical and non-surgical patients.

(c) An applicant proposing to develop new acute care beds in a new licensed hospital or on a new campus of an existing hospital shall also submit the following information:

(1) the projected number of inpatient days of care to be provided in the licensed acute care beds in the new hospital or on the new campus, by major diagnostic category as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;

-NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus.

(2) documentation that medical and surgical services shall be provided in the proposed acute care beds on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;

-NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus.

(3) copies of written policies and procedures for the provision of care within the new acute care hospital or on the new campus, including but not limited to the following:
(A) the admission and discharge of patients, including discharge planning,
(B) transfer of patients to another hospital,
(C) infection control, and
(D) safety procedures;

-NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus.

(4) documentation that the applicant owns or otherwise has control of the site on which the proposed acute care beds will be located; and

-NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus.

(5) documentation that the proposed site is suitable for development of the facility with regard to water, sewage disposal, site development and zoning requirements; and provide the required procedures for obtaining zoning changes and a special use permit if site is currently not properly zoned; and

(6) correspondence from physicians and other referral sources that documents their willingness to refer or admit patients to the proposed new hospital or new campus.

-NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus.

10A NCAC 14C .3803 PERFORMANCE STANDARDS

(a) An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.

-C- On pages 49-50 the applicant provides projected utilization of the total number of licensed CMHA acute care beds in Mecklenburg County in CY 2015 (Year 3) following project completion, which is summarized below:

CMHA Hospitals – Mecklenburg County – CY 2015

Facility	Patient Days	Average Daily Census (ADC)	Beds
Carolinas Medical Center	250,483	686.3	814
Mercy campus*	42,125	115.4	162
Pineville campus*	55,916	153.2	206
CMC – University	22,331	61.2	94
Total	370,856	1,016.0	1,276

*The Mercy and Pineville campuses are licensed as one hospital (CMC-Mercy/Pineville).

The applicant projects an occupancy rate of 79.6% for all CMHA hospitals in Mecklenburg County in the third operating year following project completion [1,016 ADC / 1,276 beds = 0.0797], which exceeds the target occupancy rate of 75.2 % when the projected ADC is greater than 200 patients. Therefore, the application is conforming with this rule.

(b) An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this rule and demonstrate that they support the projected inpatient utilization and average daily census.

-C- The applicant's assumptions and data used to develop the projections required in this rule are provided in Section III.1(b), pages 96-108, for CMC-Main, Exhibit 26 for the Mercy campus, Exhibit 17 for the Pineville campus, and Exhibit 25 for CMC-University. The applicant's assumptions regarding projected inpatient utilization and average daily census are reasonable and credible and support a finding of conformity with this rule. See Criterion (3) for additional discussion.

10A NCAC 14C .3804 SUPPORT SERVICES

(a) An applicant proposing to develop new acute care beds shall document that each of the following items shall be available to the facility 24 hours per day, 7 days per week:

(1) laboratory services including microspecimen chemistry techniques and blood gas determinations;
(2) radiology services;
(3) blood bank services;
(4) pharmacy services;
(5) oxygen and air and suction capability;
(6) electronic physiological monitoring capability;
(7) mechanical ventilatory assistance equipment including airways, manual breathing bag and ventilator/respirator;
(8) endotracheal intubation capability;
(9) cardiac arrest management plan;
(10) patient weighing device for a patient confined to their bed; and
(11) isolation capability;

-C- Exhibit 7 contains a letter from the Vice President, Administration and Chief Nursing Officer, which states that all of the items listed above will be available 24 hours per day, seven days per week at CMC-Main.

(b) If any item in Paragraph (a) of this Rule will not be available in the facility 24 hours per day, 7 days per week, the applicant shall document the basis for determining the item is not needed in the facility.

-NA- All of the items will be available 24 hours per day, 7 days per week.

(c) If any item in Paragraph (a) of this Rule will be contracted, the applicant shall provide correspondence from the proposed provider of its intent to contract with the applicant.

-NA- None of the items listed above will be contracted.

10A NCAC 14C .3805 STAFFING AND STAFF TRAINING

(a) An applicant proposing to develop new acute care beds shall demonstrate that the proposed staff for the new acute care beds shall comply with licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals.

-C- Exhibit 27 contains a letter from the President of CMC-Main documenting that the proposed staff for the new acute care needs will comply with the licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals.

(b) An applicant proposing to develop new acute care beds shall provide correspondence from the persons who expressed interest in serving as Chief Executive Officer and Chief Nursing Executive of the facility in which the new acute care beds will be located, documenting their willingness to serve in this capacity.

-C- Exhibits 28 and 29 document the willingness of the CEO and CNE to continue to serve in their current capacities.

(c) An applicant proposing to develop new acute care beds in a new hospital or on a new campus of an existing hospital shall provide a job description and the educational and training requirements for the Chief Executive Officer, Chief Nursing Executive and each department head which is required by licensure rules to be employed in the facility in which the acute care beds will be located.

-NA- The proposed project involves an existing facility.

(d) An applicant proposing to develop new acute care beds shall document the availability of admitting physicians who shall admit and care for patients in each of the major diagnostic categories to be served by the applicant.

-C- Section VII.8, pages 160-161, provides the number of physicians by specialty which documents the availability of admitting physicians who will admit and care for patients in each of the major diagnostic categories to be served by the applicant.

(e) An applicant proposing to develop new acute care beds shall provide documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories to be served by the applicant.

-C- Sections VII.1 and VII.8 provide documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories to be served at CMC-Main.

SECTION .1200 – CRITERIA AND STANDARDS FOR INTENSIVE CARE SERVICES

10A NCAC 14C .1202 INFORMATION REQUIRED OF APPLICANT

(a) An applicant that proposes new or expanded intensive care services shall use the Acute Care Facility/Medical Equipment application form.

-C- CMC-Main used the Acute Care Facility/Medical Equipment application form.

(b) An applicant proposing new or expanded intensive care services shall submit the following information:

(1) the number of intensive care beds currently operated by the applicant and the number of intensive care beds to be operated following completion of the proposed project;

-C- In Section II.8, page 54, CMC-Main states that it operates 134 adult ICU beds and is proposing to add 6 ICU beds for a total of 140 adult ICU beds. CMC-Main also operates 53 neonatal ICU beds and 20 pediatric ICU beds.

(2) documentation of the applicant's experience in treating patients at the facility during the past twelve months, including:

(A) the number of inpatient days of care provided to intensive care patients;

On page 54 the applicant states that it provided 44,504 adult ICU patient days from June 2010 to May 2011.

(B) the number of patients initially treated at the facility and referred to other facilities for intensive care services; and

On page 55 the applicant states that no CMC-Main adult ICU patients were referred to other facilities from June 2010 to May 2011.

(C) the number of patients initially treated at other facilities and referred to the applicant's facility for intensive care services.

On page 55 the applicant states that 266 adult ICU patients were referred to CMC-Main from other facilities from June 2010 to May 2011.

(3) the projected number of patients to be served and inpatient days of care to be provided by county of residence by specialized type of intensive care for each of the first twelve calendar quarters following completion of the proposed project, including all assumptions and methodologies;

-C- Exhibit 30 provides the projected number of adult ICU patients to be served and inpatient days of care to be provided by county of residence for the total adult ICU beds for each of the first twelve calendar quarters following completion of the proposed project. The applicant's assumptions and methodology are discussed in Section III, pages 96-108.

(4) data from actual referral sources or correspondence from the proposed referral sources documenting their intent to refer patients to the applicant's facility;

-C- Exhibit 56 contains copies of letters from physicians documenting their intent to refer patients to the proposed facility.

(5) documentation which demonstrates the applicant's capability to communicate effectively with emergency transportation agencies;

-C- Exhibit 18 contains a copy of a letter from the President of CMC-Main documenting that the proposed hospital will be capable of communicating effectively with emergency transportation agencies.

(6) documentation of written policies and procedures regarding the provision of care within the intensive care unit, which includes the following:
(A) the admission and discharge of patients;
(B) infection control;
(C) safety procedures; and
(D) scope of services.

-C- Exhibit 31 contains documentation of written policies and procedures regarding the provision of care within the ICU which include each of the areas set forth in subparagraphs (A) through (D) above.

(7) documentation that the proposed service shall be operated in an area organized as a physically and functionally distinct entity, separate from the rest of the facility, with controlled access;

-C- Exhibit 5 contains line drawings documenting that ICU services will be operated in an area that is organized as a physically and functionally distinct entity, separate from the rest of the facility, with controlled access.

(8) documentation to show that the services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies;

-C- Exhibit 14 contains a letter from the President of CMC-Main documenting that the services will be offered in a physical environment that conforms to the requirements of federal, state and local regulatory bodies.

(9) a floor plan of the proposed area drawn to scale; and

-C- Exhibit 5 contains a floor plan.

(10) documentation of a means for observation by unit staff of all patients in the unit from at least one vantage point.

-C- On page 58 the applicant states:

"[E]*ach pair of ICU rooms will have a sub charting station in the corridor with view windows into the rooms. Further, each of the six ICU rooms will be equipped with a camera which will enable the nurses to monitor and observe each of the patient rooms from a central monitor located in the nurses station."*

10A NCAC 14C .1203 PERFORMANCE STANDARDS

(a) The applicant shall demonstrate that the proposed project is capable of meeting the following standards:

(1) the overall average annual occupancy rate of all intensive care beds in the facility, excluding neonatal and pediatric intensive care beds, over the 12 months immediately preceding the submittal of the proposal, shall have been at least 70 percent for facilities with 20 or more intensive care beds, 65 percent for facilities with 10-19 intensive care beds, and 60 percent for facilities with 1-9 intensive care beds; and

-C- On page 58 the applicant states:

"For the period from June 2010 to May 2011, CMC provided 44,504 adult ICU patient days for an average annual occupancy rate of 91.0 percent of its 134 adult ICU beds."

(2) the projected occupancy rate for all intensive care beds in the applicant's facility, exclusive of neonatal and pediatric intensive care beds, shall be at least 70 percent for facilities with 20 or more intensive care beds, 65 percent for facilities with 10-19 intensive care beds, and 60 percent for facilities with 1-9 intensive care beds, in the third operating year following the completion of the proposed project.

-C- On page 58 the applicant states:

"In CY 2015, the third operating year, CMC projects to provide 43,150 ICU patient days for an average annual occupancy rate of 84.3 percent of its 134 existing and 6 proposed additional adult ICU beds."

(b) All assumptions and data supporting the methodology by which the occupancy rates are projected shall be provided.

-C- CMC-Main's assumptions and data supporting the methodology by which the occupancy rates were determined are provided in Section III.1, pages 96-108. See Criterion (3) for additional discussion.

10A NCAC 14C .1204 SUPPORT SERVICES

(a) An applicant proposing new or additional intensive care services shall document the extent to which the following items are available:

(1) twenty-four hour on-call laboratory services including microspecimen chemistry techniques and blood gas determinations;
(2) twenty-four hour on-call radiology services, including portable radiological equipment;
(3) twenty-four hour blood bank services;
(4) twenty-four hour on-call pharmacy services;
(5) twenty-four hour on-call coverage by respiratory therapy;
(6) oxygen and air and suction capability;
(7) electronic physiological monitoring capability;
(8) mechanical ventilatory assistance equipment including airways, manual breathing bag and ventilator/respirator;
(9) endotracheal intubation capability;
(10) cardiac pacemaker insertion capability;
(11) cardiac arrest management plan;
(12) patient weighing device for bed patients; and
(13) isolation capability.

-C- Exhibit 7 contains a letter from the Vice President, Administration and Chief Nursing Officer, documenting that the services listed in (1) through (13) above will be available at CMC-Main.

(b) If any item in Subparagraphs (a)(1) - (13) of this Rule will not be available, the applicant shall document the reason why the item is not needed for the provision of the proposed services.

-NA- In Exhibit 7 CMC-Main states that it proposes to offer all of the items in Subparagraphs (a)(1) - (13) of this Rule.

10A NCAC 14C .1205 STAFFING AND STAFF TRAINING

The applicant shall demonstrate the ability to meet the following staffing requirements:

(1) nursing care shall be supervised by a qualified registered nurse with specialized training in the care of critically ill patients, cardiovascular monitoring, and life support;

-C- Exhibit 32 contains a letter from the Vice President, Administration and Chief Nursing Officer, documenting that nursing care will be supervised by a qualified registered nurse with specialized training in the care of critically ill patients, cardiovascular monitoring and life support.

(2) direction of the unit shall be provided by a physician with training, experience and expertise in critical care;

-C- On page 60 the applicant states that the direction of the ICU will be provided by a physician with training, experience and expertise in critical care;

(3) assurance from the medical staff that twenty-four hour medical and surgical on-call coverage is available; and

-C- Exhibit 34 contains a letter from the President of CMC-Main indicating that twenty-four hour medical and surgical on-call coverage will be available to support the ICU.

(4) inservice training or continuing education programs shall be provided for the intensive care staff.

-C- Exhibit 35 contains copies of CMC-Main's Critical Care Annual Competency Checklists for inservice training and continuing education programs to be provided for the intensive care staff. It also contains the CMC-Main ICU Policy and Procedure Manual for continuing education and staff development.