

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: April 25, 2014

PROJECT ANALYST: F. Gene DePorter

INTERIM CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: O-10231-13/ New Hanover Regional Medical Center/ Relocate and consolidate cardiac and pulmonary rehabilitation services/ New Hanover 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 applicant proposes to relocate and consolidate outpatient cardiac and pulmonary rehabilitation services on the third floor of a medical office building currently under construction at 1415 Physicians Drive in Wilmington 0.8 of a mile from the hospital campus.

The project does not involve the addition of any health service facility beds, services or equipment, for which there is a need determination in the *2013 State Medical Facilities Plan*.

There is one policy in the *2013 State Medical Facilities Plan* applicable to this review. Policy GEN-4 Energy Efficiency and Sustainability for Health Service Facilities 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."*

On page 42, the applicant describes the proposal's plans for water conservation and energy efficiency as follows:

#### Water Conservation

- Water conservation will be achieved by utilizing 1.6 gallons per flush water closets, pint flush urinals and metering faucets in public rest rooms.
- The Cardiac MOB will incorporate minimum of 13 SEER air conditioners and 96% efficient condensing gas water heaters.

#### Energy Efficiency

- The Cardiac MOB will meet the new energy code and utilize air side economizers.
- IT rooms will be cooled by 14 SEER split system air conditioners.
- Interior lighting will utilize T-8 Lamps and many spaces will be provided with occupancy sensors.
- Energy efficient motors will be used in plumbing, HVAC and electrical systems.
- High R-value continuous insulation will be used.
- The Cardiac MOB is oriented on the site to minimize exterior wall and window exposure on the east and west sides. The facility is elongated on the north and south sides to maximize exposure to natural light.

- The Cardiac MOB will utilize light colored, highly reflective roof membrane to reflect sunlight and minimize heat gain through the roof assembly.

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

NHRMC is constructing a medical office building (MOB) on property 0.8 of a mile from the hospital campus and proposes to relocate and consolidate outpatient cardiac and pulmonary rehabilitation services on the third floor of the MOB. These services will operate as an outpatient department of NHRMC.

Population to be Served

In Section III.4, pages 45-46, and Section III.5, pages 47-48, the applicant provides current and projected patient origin for outpatient cardiac and pulmonary rehabilitation services, as illustrated in the following tables. In Section III.5(d), page 48 the applicant states the following; "NHRMC expects its patient origin to remain consistent with its historical patient origin."

**Cardiac**

County	FY 2013
New Hanover	71.1%
Pender	12.6%
Brunswick	11.2%
Columbus	1.7%
Onslow	1.2%
Duplin	1.1%
Other	1.0%
<b>Total</b>	<b>100.0%</b>

**Pulmonary**

County	FY 2013
New Hanover	72.3%
Pender	10.9%
Brunswick	9.2%
Columbus	2.9%
Onslow	2.1%
Duplin	1.9%
Other	0.7%
<b>Total</b>	<b>100.0%</b>

**FY 2016 Projected**

<b>County</b>	<b>Cardiac</b>	<b>Pulmonary</b>
New Hanover	71.1%	72.3%
Pender	12.6%	10.9%
Brunswick	11.2%	9.2%
Columbus	1.7%	2.9%
Onslow	1.2%	2.1%
Duplin	1.1%	1.9%
Other	1.0%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The applicant adequately identified the population proposed to be served.

Demonstration of Need

In Section III.3, page 43, the applicant states the need to consolidate outpatient cardiac and pulmonary rehabilitation services is based on the following factors:

- Both cardiac and pulmonary rehabilitation spaces in the main hospital are land locked and parking is limited for both services.
- Moving these services off campus allows for much needed expansion of pre-op and post-op space for cardiac catheterization and outpatient support space and outpatient registration and waiting area for the Heart Center.
- The relocated outpatient cardiac and pulmonary rehabilitation services will be located in the same MOB as the hospital's cardiology practice.

In Section II.1(a), page 17, the applicant describes the three phases of care as follows;

- Phase 1 is cardiac and pulmonary patients receiving rehabilitation as inpatients. Phase 1 patients do not utilize the rehabilitation services in the outpatient department.
- Phase 2 provides rehabilitation services to outpatient cardiac patients for 36 visits over 14 weeks.
- The Graduate phase are patients who choose to continue their Phase 2 activities for an out-of-pocket payment of \$30 per month for pulmonary rehab and \$40 per month for cardiac rehab.

The applicant states the following in supplemental information:

*“Phase 1 patients do not utilize the rehabilitation services in the outpatient department; as such they are not included in the CON application. Phase 2 patient visits have increased from 12,019 visits in FY 2013 with Phase 2 visit projected to increase to nearly 14,278 in FY 2017. Additionally, Graduate patients currently total 3,637 Graduate month memberships, as noted on Form C. The Graduates average 13 visits per month for a total of 47,281 visits per year.*

*As a result the Cardiac Rehabilitation Program equipment is used for over 60,000 visits per year for Phase 2 and Graduate patients combined. Over 160 Phase 2 and Graduate patients attempt to use the equipment located within a 1,800 square foot area on a daily basis. Access to the cardiac rehabilitation equipment has become more and more difficult, requiring Graduates to be bumped or delayed because of scheduled Phase 2 patients and for Phase 2 patients to be delayed because of equipment usage by Graduate patients. These delays result in patients having to wait in the small cardiovascular waiting area or alone the walls to wait for equipment to become available.*

*By relocating and consolidating cardiac and pulmonary rehabilitation services, the number of rehabilitation equipment units available in one location to patients and graduates will increase. This will allow patients and graduates from the two rehabilitation services to utilize available equipment from either program when they are available. Additionally, the increased space available at the MOB will allow NHRMC to develop a walking track allowing patients to walk in comfort (out of the heat of summer and the cold of winter) if there is a need to wait for a specific piece of equipment.”*

In Section IV, page 52, the applicant provides the following historical and projected utilization.

	<b>FY</b>	<b>Total Phase 2 Visits</b>	<b>Annual Visit % change</b>
<b>Actual Phase 2 Cardiac Rehab Visits</b>	2009	12,019	-
	2010	12,759	6.2%
	2011	12,942	1.4%
	2012	12,704	-1.8%
	2013	13,261	4.4%
<b>Projected Phase 2 Cardiac Rehab Visits</b>	2014	13,433	1.3%
	2015	13,608	1.3%
	2016	13,785	1.3%
	2017	13,964	1.3%

Projected utilization is based on reasonable, credible and supported assumptions. See Section IV, pages 52-54 for the applicant’s assumptions.

In summary, the applicant adequately identified the population to be served and adequately demonstrated the need the population has for the proposed project. Consequently, the application is conforming to 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.

C

The applicant proposes to relocate and consolidate outpatient cardiac and pulmonary rehabilitation services into a medical office building currently under construction 0.8 of a mile from the hospital campus. The same patients will continue to be served as are presently served at the current locations in the hospital. The current locations of these two services are land-locked and therefore not able to grow in-place. The current location lacks additional parking as well. The proposed location provides space for service growth as well as parking and close proximity to the hospital. The relocated and consolidated services will continue to accommodate the elderly and otherwise underserved groups to obtain needed health care. Consequently, the application is conforming to this criterion.

- (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.

CA

In Section III.3, pages 43-44, and supplemental information, the applicant describes the alternatives considered, which include:

- 1) Maintain the status quo- The applicant states the current locations for outpatient cardiac and pulmonary rehabilitation services are unable to respond to the continuing growth in volume. The current program is "land-locked." And there is no other area in the hospital that can accommodate the cardiac and pulmonary rehabilitation services in contiguous footage.
- 2) Joint Venture-NHRMC states it is not feasible to joint venture an outpatient department of the hospital.
- 3) Construct a new building- The applicant states construction of a new building could cost \$6 million or more.
- 4) Convert underutilized inpatient space-Hospital leadership in conjunction with input from the architect determined that 14,278 square feet of contiguous space is necessary for functional efficiency for the consolidated cardiac and pulmonary rehabilitation services. Such space does not exist in the hospital. Furthermore, parking space is inadequate for the current number of Phase 2 patients and Graduates.

- 5) Relocate to MOB-NHRMC determined that the most effective alternate is to relocate and consolidate outpatient cardiac and pulmonary rehabilitation services in the same building as the cardiologists.

The application is conforming to all other applicable statutory review criteria. An application that cannot be approved cannot be an effective alternative.

Therefore, the applicant adequately demonstrates that the proposal is the least costly or the most effective alternative to meet the identified need. The application is conforming to this criterion and approved subject to the following conditions:

1. **New Hanover Regional Medical Center shall materially comply with all representations made in the certificate of need application and any supplemental responses. In those instances where representations conflict, New Hanover Regional Medical Center shall materially comply with the last made representation.**
  2. **New Hanover Regional 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 which would otherwise require a certificate of need.**
  3. **New Hanover Regional 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, page 84, the applicant states that the total capital cost of the proposed project will be \$2,775,330, broken down as follows:

Cost of Materials & Labor	\$2,506,038
Landscaping	\$ 5,375
Furniture & Equipment	\$ 65,000
Architect/Engineering Fees	\$ 170,417
Other (contingency)	<u>\$ 28,500</u>
Total:	\$2,775,330

In Section IX.3, page 88, the applicant states that it does not project any start-up or initial operating expenses for the proposed project.

In Section VIII.3, page 85, the applicant states that the capital costs of the proposed project will be paid for from NHRMC's accumulated reserves. Exhibit 20 contains a letter dated November 1, 2013 from Mr. Ed Ollie, Chief Financial Officer, in which he states the following;

*“New Hanover Regional Medical Center (NHRMC) will obligate and commit 2.8 million for the sole purpose of relocating and consolidating OP cardiology and pulmonary rehabilitation services. NHRMC plans to provide the funds through cash and cash equivalents.*

*NHRMC has sufficient Accumulated Reserves to provide the funding required for this project. Please refer to the audited financial statements include in the Exhibit Book (Exhibit 21), which show on page 10 that NHRMC has over \$15 million in Cash and Cash equivalents and \$285 million in Noncurrent Cash and Investments-Designated by Board for capital improvement. I have the authority to commit these funds on behalf of NHRMC.”*

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

In the proformas for the service components, the applicant projects operating costs will exceed revenues in each of the first three years following project completion, as illustrated in the tables below.

**Outpatient Cardiac Rehabilitation Services**

	<b>First Full FY 2015</b>	<b>Second Full FY 2016</b>	<b>Third Full FY 2017</b>
<b>Total Net Revenue</b>	\$943,921	\$978,571	\$1,014,706
<b>Total Expenses</b>	\$2,068,731	\$2,127,741	\$2,188,537
<b>Net Income</b>	(\$ 1,124,810)	(\$ 1,149,170)	(\$ 1,173,831)

**Outpatient Pulmonary Rehabilitation Services**

	<b>First Full FY 2015</b>	<b>Second Full FY 2016</b>	<b>Third Full FY 2017</b>
<b>Total Net Revenue</b>	\$144,990	\$148,918	\$153,018
<b>Total Expenses</b>	\$700,437	\$720,314	\$740,792
<b>Net Income</b>	(\$ 555,446)	(\$ 571,396)	(\$ 587,774)

However, in the proforma for the entire hospital, the applicant projects revenues will exceed total operating expenses in each of the first three years following project completion. Projected revenues and expenses are based on reasonable, credible and adequately supported assumptions, including projected utilization. See the pro forma



financial statements in the application for the assumptions. See Criterion (3) for discussion regarding utilization which is incorporated hereby as if set forth fully herein.

The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating costs. Therefore, the application is conforming to 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.

The applicant does not propose to develop any new services. Rather, the applicant proposes to relocate and consolidate the existing outpatient cardiac and pulmonary rehabilitation services to a MOB .08 of a mile from the hospital campus. Consequently, the applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved outpatient cardiac and pulmonary rehabilitation services. Therefore, the application is conforming to 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 Section VII.1, (b), page 74, the applicant provides the current and projected staffing, as illustrated in the following table.

	Current Staffing	Projected Staffing
<b>OP Cardiac Rehabilitation</b>		
Registered Nurses	4.4	4.4
Technicians	9.8	9.8
Technologist	1.1	1.1
Clinical Professional	1.0	1.0
Manager	0.5	0.5
Supervisor	0.1	0.1
<b>Subtotal</b>	<b>16.9</b>	<b>16.9</b>
<b>OP Pulmonary Rehabilitation</b>		
Registered Nurses	0.5	0.5
Technicians	1.0	1.0
Technologists	2.8	2.8
Clinical Professional	0.1	0.1
Manager	0.1	0.1
Supervisor	0.8	0.8
<b>Subtotal</b>	<b>5.3</b>	<b>5.3</b>
<b>Total</b>	<b>22.2</b>	<b>22.2</b>

In Section VII. 4, page 78, the applicant states:

*“All employees must have the appropriate training educational background and work experience necessary for each position involved in this project, In general;*

- *All Registered Nurses will have ACLS and PALS certification,*
- *All Technicians will be current NC Nurse Assistant II registered.”*

Exhibit 17 contains copies of job descriptions and unit competencies, as well as BCLS and ACLS course schedules.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed 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.

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In Section II.2 (a), page 29, the applicant states;

*“The ancillary and support services needed to support this proposed project include;*

- *Finance/Registration*
- *Administration, Guest Services*
- *Bio Medical*
- *Family*
- *Housekeeping*
- *Risk Management*
- *Supply*
- *Food and Nutrition*
- *Case Management*

These services are already being provided by NHRMC. See Exhibit 6 for a letter from Jack Barto, President and CEO of NHRMC, stating that these services will be provided by NHRMC. Exhibit 13 contains a sample transfer agreement. Exhibit 14 contains letters of support from physicians.

The applicant adequately demonstrates that the necessary ancillary and support services will be provided 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.

C

The applicant proposes to consolidate and relocate outpatient cardiac and pulmonary rehabilitation services to the third floor of an MOB, under construction and located .08 of a mile from the hospital campus. The consolidated services will occupy 14,278 square feet (SF) of space on the top floor of the MOB. The construction cost is project to be \$175.52 per SF. The total cost is projected to be \$194.38 per SF. Exhibit 23 contains a letter from LS3P Architects dated October 17, 2013 which is consistent with the capital costs reported in Section VIII.1.

The applicant adequately demonstrated that the cost, design and means of construction represent the most reasonable alternative, and that the construction costs will not unduly increase the costs of and charges for providing the proposed health services.

See Criterion (5) for discussion of costs and charges which is incorporated hereby as if set forth fully herein. Furthermore, the applicant demonstrates that applicable energy savings features have been incorporated into the construction plans. See Section III.2, page 42. The application is conforming to this criterion.

(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 69, the applicant provides the current payor mix for the entire facility as shown in the table below.

**Entire Facility**

<b>Payer Category</b>	<b>FY 12 (10/1/2011 – 9/30/2012)</b>
Self Pay/Indigent/Charity	4.8%
Medicare/Medicare Managed Care	51.9%
Medicaid	18.3%
Commercial	17.4%
Managed Care	1.2%
Other	6.4%
<b>Total</b>	<b>100.0%</b>

In Section VI.13, page 70, the applicant provides the current payor mix for outpatient cardiac and pulmonary rehabilitation services, as shown in the following tables.

**Outpatient Cardiac Rehabilitation Services**

<b>Payer Category</b>	<b>FY 13 (10/1/2012 – 9/30/2013)</b>
Self Pay/Indigent/Charity	1.2%
Medicare/Medicare Managed Care	69.5%
Medicaid	2.3%
Commercial	3.0%
Managed Care	21.8%
Other (Specify)	2.2%
<b>Total</b>	<b>100.0%</b>

**Outpatient Pulmonary Rehabilitation Services**

<b>Payer Category</b>	<b>FY 13 (10/1/2012 – 9/30/2013)</b>
Self Pay/Indigent/Charity	1.1%
Medicare/Medicare Managed Care	80.3%
Medicaid	1.3%
Commercial	2.3%
Managed Care	11.6%
Other (Specify)	3.4%
<b>Total</b>	<b>100.0%</b>

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 for New Hanover County and statewide.

	<b>2010 Total # of Medicaid Eligibles as % of Total Population *</b>	<b>2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *</b>	<b>2009 % Uninsured (Estimate by Cecil G. Sheps Center) *</b>
New Hanover County	13.1%	5.7%	20.4%
Statewide	16.5%	6.7%	19.7%

\*More current data, particularly with regard to the estimated uninsured percentages, was not available.

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 outpatient cardiac and pulmonary rehabilitation services offered by New Hanover Regional Medical Center.

Moreover, the number of persons eligible for Medicaid assistance maybe 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 receive 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 or gender. However, a direct comparison to the applicant's current payor mix would be of little value.

The population data by age, race or 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 the existing services. Therefore, the applicant is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and 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 69, the applicant states that;

*“NHRMC fulfilled its Hill-Burton obligation and does not have any related obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and the handicapped. As a 502 (c) (3) tax-exempt entity, NHRMC is a charity organization that promotes the health of the community. Accordingly, Charity care is provided. However, there are no federal regulations per se applicable that requires the provision of uncompensated care. Nevertheless, NHRMC-affiliated entities strive to provide services to all persons in need of health care services, regardless of their ability to pay. Please refer to Exhibit 16 for a copy of the NHRMC community health initiatives.”*

In Section VI.10 (a), page 69, the applicant states that no patient civil rights access complaints have been filed against NHRMC in the last five years. Therefore, the application is conforming to this criterion.

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

C

In Section VI.2, page 63, the applicant states;

*“The OP rehab service will be available to all persons without regard to income, race, age, creed, religion, national origin, disability or level of care required.”*

See Exhibit 15 for copies of the NHRMC access policies.

In Section VI.14 & 15, pages 71-72, the applicant provides the projected payor mix in the second operating year for the entire facility and the service components, as illustrated in the following tables.

**Entire Facility**

<b>Payer Category</b>	<b>FY 12 (10/1/2015 – 9/30/2016)</b>
Self Pay/Indigent/Charity	4.8%
Medicare/Medicare Managed Care	51.9%
Medicaid	18.3%
Commercial	17.4%
Managed Care	1.2%
Other	6.4%
<b>Total</b>	<b>100.0%</b>

**Outpatient Cardiac Rehabilitation Services**

<b>Payer Category</b>	<b>FY 13 (10/1/2015 – 9/30/2016)</b>
Self Pay/Indigent/Charity	1.2%
Medicare/Medicare Managed Care	69.5%
Medicaid	2.3%
Commercial	3.0%
Managed Care	21.8%
Other	2.2%
<b>Total</b>	<b>100.0%</b>

**Outpatient Pulmonary Rehabilitation Services**

<b>Payer Category</b>	<b>FY 13 (10/1/2015 – 9/30/2016)</b>
Self Pay/Indigent/Charity	1.1%
Medicare/Medicare Managed Care	80.3%
Medicaid	1.3%
Commercial	2.3%
Managed Care	11.6%
Other (Specify)	3.4%
<b>Total</b>	<b>100.0%</b>

As shown in the tables above, the applicant projects no change in payor mix.

Therefore, the applicant demonstrates that medically underserved populations will have adequate access to the proposed services and the application is conforming to 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 68, the applicant states that patients will have access to the services by a range of means, including physician referral. NHRMC anticipates that most of its referrals will come from physicians. NHRMC, as a member of the Coastal Carolinas Health Alliance, receives patient referrals from member hospitals for advanced medical therapies. NHRMC is also a referral center for patients initially treated at Grand Strand Medical Center in Myrtle Beach, SC. 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

In Section V.1, page 56, the applicant states that NHRMC is committed to collaborative relationships with over 110 local and regional health professional training programs. Please refer to Exhibit 12 for a list of training programs and a copy of the training affiliation agreement. The information provided in Section V.1 is reasonable and credible and supports a finding of conformity to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service or which competition will not have a favorable impact.



C

NHRMC proposes to relocate and consolidate outpatient cardiac and pulmonary rehabilitation services from the hospital to a MOB, currently under construction, 0.8 of a mile from the hospital campus. In Section II.7, page 32, and Section III.2, page 41, the applicant discusses how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services.

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that any enhanced competition in the service area includes a positive impact on the cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need for the proposal and that it is a cost-effective alternative;
- The applicant adequately demonstrates that it will continue to provide quality services; and
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations.

The application is conforming to 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.

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NHRMC is accredited by the Joint Commission and certified for Medicare and Medicaid participation. According to the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred, 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 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.

NA