ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date: August 31, 2015
Findings Date: August 31, 2015

Project Analyst: Jane Rhoe-Jones
Team Leader: Lisa Pittman

Project ID #: Q-11027-15
Facility: Vidant Medical Center
FID #: 933410
County: Pitt
Applicant: Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center
Project: Add 85 acute care beds for a total of 932 acute care beds upon completion of this project and Project ID # Q-10068-12 (add 65 acute care beds)

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Agency 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.

CA

Pitt County Memorial Hospital, Incorporated (PCMH) d/b/a Vidant Medical Center (VMC), is currently licensed for 782 acute care beds. Following completion of Project I.D. # Q-10068-12 (add 65 acute care beds), VMC will be licensed for 847 acute care beds. In this project, the applicant proposes to add 85 acute care beds for a total of 932 licensed acute care beds.

Need Determination

The 2015 State Medical Facilities Plan (2015 SMFP) includes a reallocated Acute Care Bed Need Determination for 85 additional acute care beds in the Pitt/Greene/Hyde/Tyrrell County Service Area per Policy GEN-1. The 2015 SMFP states on page 46:

> "*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 2015 SMFP, page 47]

The applicant proposes to develop all of the 85 acute care beds available for the Pitt/Greene/Hyde/Tyrrell County Service Area. The applicant does not propose to develop more acute care beds than are determined to be needed in the Pitt/Greene/Hyde/Tyrrell County Service Area. No other applicant proposes to develop any acute care beds in the Pitt/Greene/Hyde/Tyrell County Service Area. VMC currently operates a 24-hour emergency services department. In Section II.8, page 17, the applicant provides the number of inpatient days of care by major diagnostic category (MDC) provided at VMC during FY 2014. VMC provides services in all 25 MDCs listed in the 2015 SMFP. Therefore, the applicant adequately demonstrates that it will provide medical and surgical services in at least five MDCs recognized by CMS. Furthermore, VMC adequately demonstrates that it provides inpatient medical services to both surgical and non-surgical patients. Thus, VMC is a qualified applicant and the proposal is consistent with the reallocated need determination in the 2015 SMFP for acute care beds in the Pitt/Greene/Hyde/Tyrrell County Service Area.

Policies

Additionally, the following two policies are applicable to this review: Policy GEN-3: Basic Principles and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.

Policy GEN-3: Basic Principles

This policy 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."

Promote Safety and Quality - The applicant describes how it believes the proposed project would promote safety and quality in Section II, page 51, Section V, pages 71-72, and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote safety and quality.

Promote Equitable Access - The applicant describes how it believes the proposed project would promote equitable access in Section III, page 51, Section V, pages 71-72, Section VI, pages 73-81, and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote equitable access.

Maximize Healthcare Value - The applicant describes how it believes the proposed project would maximize healthcare value in Section III, pages 51-52, Section V, pages 71-72, and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would maximize healthcare value.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

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 of 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."

In Section III.2, pages 52-53, the applicant states:

"*VH and VMC are committed to constructing facilities that are energy efficient and promote water conservation. Specifically related to the proposed project, …*
…

VH and VMC will conform to the energy efficiency and water conservation rules, codes and standards implemented by The Construction Section of the Division of Health Service Regulation and required by the North Carolina State Building Code. During the design of this project the VH Office of Facilities and Properties, in conjunction with the VMC Plant Operators Department, will work with the project Architects and Engineers to assure that the latest technologies for enhanced building energy and water conservation are evaluated for the project and incorporated into the facility were most appropriate. The goal of this effort will be to maximize energy efficiency and water conservation while creating the best possible care and healing environments for our patients.

… a plan for energy efficiency and water conservation will be developed during the design phase of the project. …"

The applicant adequately demonstrates that it will assure improved energy efficiency and water conservation and that it will develop a plan to do so. See Condition #5 in Criterion (4).

Conclusion

The applicant adequately demonstrates the proposed application is consistent with the need determination in the 2015 SMFP. Additionally, the application is consistent with Policies GEN-3 and GEN-4 and is conforming to this criterion subject to Condition #5 found in Criterion (4).

(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 applicant, Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center (VMC), is the only existing acute care hospital located in the Pitt/Greene/Hyde/Tyrrell service area. VMC is currently licensed for 782 acute care beds. Following completion of this project and Project I.D. # Q-10068-12 (add 65 acute care beds), VMC will be licensed for 932 acute care beds. In this application, VMC proposes to add 85 acute care beds and locate them on the fifth and sixth floors of the six-story cancer center tower. The applicant does not propose to develop any rehabilitation or psychiatric beds or any pediatric or neonatal intensive care unit (ICU) beds.

In Section II.1(a), page 9, the applicant states:

> "*VMC is proposing to add 12 new med/surg ICU beds and 73 new general med/surg beds to the fifth and sixth floors of the new, six-story bed tower that will be physically connected to the existing facility as a result of approved CON Project ID Q-10068-12. VMC is not proposing to add any Level II-IV neonatal bassinet, PICU, or any type of subacute bed (psych, rehab, skilled nursing, etc.) anywhere in existing facility or the new bed tower*."

In Section II.1(a), page 10, the applicant states:

> "*… the proposed project will require the build out of the fifth and sixth floor* [sic] *of the new cancer center tower currently under construction. The 'shell' of the fifth and sixth floor* [sic] *of the new cancer center was approved as a result of CON Project ID Q-10068-12. In that application, it was proposed that the fifth and sixth floors would be designed for future expansion of inpatient beds, consistent with longer range master facility planning. Until that time, those floors would provide space for offices, conference rooms, on-call suites, resident work space, storage, etc. Construction requirements presented in this application reflects the 'renovation of the shell' to create inpatient units rather than support space as originally proposed.*
>
> *In addition, the central utility plant built for the existing ECHI bed tower, the new cancer center tower's sister tower, was constructed with the proposed new tower having the fifth and sixth floor housing inpatient units in mind. The plant, as well as its tunnel infrastructure, is sufficient to meet all the utility needs of the new proposed beds. … There will also be no vacated space as a result of the proposed project*."

Population to be Served

On page 44, the 2015 SMFP defines the service area for acute care hospitals: "*Counties that have at least one licensed acute care hospital are single county acute care bed service areas unless the county is grouped with a county lacking a licensed acute care hospital. When a county that has at least one licensed acute care hospital is grouped with a county lacking a*

licensed acute care hospital, a multicounty acute care bed service area is created." Thus the service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care inpatient services at VMC as reported by the applicant in Section III.5(a), page 56, and Appendix H.

VMC - Historical Acute Inpatient Origin by Discharges FFY 2014

County	Discharges	% of Total	County	Discharges	% of Total
Pitt	14,619	37.6%	Chowan	498	1.3%
Beaufort	2,440	6.3%	Northampton	402	1.0%
Lenoir	2,125	5.5%	Hyde	198	0.5%
Edgecombe	1,848	4.7%	Perquimans	186	0.5%
Wilson	1,616	4.2%	Jones	153	0.4%
Martin	1,611	4.1%	Dare	150	0.4%
Wayne	1,452	3.7%	Pasquotank	115	0.3%
Craven	1,409	3.7%	Pamlico	113	0.3
Onslow	1,326	3.4%	Tyrrell	112	0.3%
Greene	1,233	3.1%	Gates	86	0.1%
Nash	1,131	2.9%	Currituck	28	0.2%
Bertie	980	2.5%	Camden	15	0.1%
Halifax	940	2.4%	All Other*	1,476	3.8%
Duplin	802	2.1%	**Total**	**38,909**	**100.0%**
Carteret	683	1.8%			
Hertford	621	1.6%	**Pitt/Greene/Hyde/Terrell**	**16,152**	**41.5%**
Washington	551	1.4%			

*Areas outside of Eastern North Carolina. FFY = October 1 – September 30

VMC - Historical and Projected Inpatient Days by County						
	FFY 2014		FFY 2020 PY1		FFY 2021 PY2	
County	**# of Inpatient Days**	**% of Total**	**# of Inpatient Days**	**% of Total**	**# of Inpatient Days**	**% of Total**
Pitt	74,666	32.8%	84,946	32.8%	86,876	32.8%
Beaufort	13,573	6.0%	15,442	6.0%	15,793	6.0%
Lenoir	13,193	5.8%	15,009	5.8%	15,350	5.8%
Edgecombe	11,301	5.0%	12,857	5.0%	13,149	5.0%
Wilson	11,089	4.9%	12,616	4.9%	12,902	4.9%
Martin	9,719	4.3%	11,057	4.3%	11,308	4.3%
Craven	9,402	4.1%	10,696	4.1%	10,939	4.1%
Wayne	9,365	4.1%	10,654	4.1%	10,896	4.1%
Onslow	8,370	3.7%	9,522	3.7%	9,739	3.7%
Nash	7,132	3.1%	8,114	3.1%	8,298	3.1%
Halifax	7,126	3.1%	8,107	3.1%	8,291	3.1%
Bertie	6,810	3.0%	7,748	3.0%	7,924	3.0%
Greene	6,211	2.7%	7,066	2.7%	7,227	2.7%
Duplin	4,999	2.2%	7,950	2.2%	5,816	2.2%
Carteret	4,660	2.0%	5,687	2.0%	5,422	2.0%
Hertford	3,870	1.7%	5,302	1.7%	4,503	1.7%
Washington	3,446	1.5%	3,920	1.5%	4,010	1.5%
Chowan	3,187	1.4%	3,626	1.4%	3,708	1.4%
Northampton	2,831	1.2%	3,221	1.2%	3,294	1.2%
Jones	1,171	0.5%	1,332	0.5%	1,362	0.5%
Hyde	1,059	0.5%	1,205	0.5%	1,232	0.5%
Perquimans	1,012	0.4%	1,151	0.4%	1,177	0.4%
Dare	947	0.4%	1,077	0.4%	1,102	0.4%
Pamlico	759	0.3%	863	0.3%	883	0.3%
Pasquotank	759	0.3%	863	0.3%	883	0.3%
Tyrrell	665	0.3%	757	0.3%	774	0.3%
Gates	607	0.3%	691	0.3%	706	0.3%
Currituck	175	0.1%	199	0.1%	204	0.1%
Camden	118	0.1%	134	0.1%	137	0.1%
All Other*	9,688	4.3%	11,022	4.3%	11,272	4.3%
Total	**227,910**	**100.0%**	**259,288**	**100.0%**	**265,179**	**100.0%**
Pitt/Greene/Hyde/ Tyrrell	82,601	36.2%	93,974	36.2%	96,109	36.2%

Source: Application Exhibit H. *Counties and states outside VMC's 29 county service area. PY = full project year.

The applicant adequately identifies the population proposed to be served.

Analysis of Need

The applicant states the need to add 85 additional acute care beds at VMC is based on the following factors:

- Need determination identified in the 2015 SMFP
- Increase in demand due to population growth

- Increase in market share due to patient shifts
- Increase in volume due to growth in service lines

Those factors are discussed below:

Need Determination Identified in the 2015 SMFP

The 2015 State Medical Facilities Plan (2015 SMFP) includes a reallocated Acute Care Bed Need Determination for 85 additional acute care beds in the Pitt/Greene/Hyde/Tyrrell County Service Area per Policy GEN-1.

Increase in Demand Due to Population Growth

In Section III.1, pages 34-36, the applicant describes the increase in demand due to population growth:

- The average increase in population for Eastern North Carolina is projected to be 0.7% per year (NC Office of State Budget and Management (OSBM)).
- The growth in demand attributable to the population growth for patients with major complicating or comorbid condition (MCC) or comorbid condition (CC) designations is projected to increase on average 1.4% per year, based on growth rates for the population likely to have the MCC or CC designation.

Increase in market share due to patient shifts

In Section III.1, pages 36-39, the applicant explains why it projects an increase in market share for certain types of patients, as follows:

- VMC's market share of patients with MCC or CC designations has increased seven percentage points since FFY2008.
- Much of the increase in market share is a direct result of patients shifting from small community hospitals to larger institutions such as VMC.
- VH does this at its smaller community hospitals in an effort to reduce costly duplication of services needed to maintain the clinical needs of higher acuity patients.
- Market share growth is highest (>5 point increase) in counties with a Vidant Health facility, counties with a relatively small community hospital or counties without a hospital.
- VMC's market share growth is not significant in counties where a larger hospital exists.
- Shifting higher acuity patients away from smaller community hospitals to larger facilities will continue.
- Market share of higher acuity patients is projected to increase about 0.5 percentage points per year.

- The volume of patients with MCC/CC designations coming from Eastern North Carolina will continue to represent 96.4% of the hospital's total MCC/CC patient volume. See figure III.9 on page 39.

Increase in volume due to high growth service lines

The applicant used the healthcare consulting firm, Sg2's *Impact of Change* model forecasting tool to project growth. In Section III.1, pages 39-49, the applicant provides the following overview of the forecast and assumptions based on the forecasting tool:

- Several high volume service lines will have significant growth in patients with complicating or comorbid conditions: cancer, cardiovascular, neuroscience, GI surgery and orthopedics.
- Sg2's projected growth for these services will apply to Eastern North Carolina.
- This growth is in addition to the estimated growth due to population growth and market share shifts identified above.

In Section III.1, page 40, the applicant includes a table which shows the projected growth for the MCC/CC patients within each service line and VMC's FFY2015 volume of MCC/CC patients within each service line. The projected growth in the service lines ranges from 0.3% to 1.5%. The following table from page 40 shows projected incremental growth in MCC/CC discharges.

VMC's Incremental Growth in MCC/CC Discharges

Service Line	FFY15*	Sg2 % Change	FFY16	FFY17	FFY18	FFY19	FFY20 PY1	FFY21 PY2	FFY22 PY3
Cancer	996	0.3%	999	1,002	1,005	1,008	1,011	1,014	1,017
Cardiac Surgery	960	1.3%	972	985	998	1,011	1,024	1,037	1,051
GI Surgery	669	0.6%	673	677	681	685	689	693	698
Neuro/Spine Surgery	576	0.8%	581	585	590	595	599	604	609
Neurology	1,278	1.0%	1,291	1,304	1,317	1,330	1,343	1,357	1,370
Orthopaedic Surgery	759	1.5%	770	782	794	806	818	830	842
TOTAL	**5,238**		**5,286**	**5,335**	**5,384**	**5,434**	**5,485**	**5,536**	**5,587**
Incremental DCs (based on FFY15 volume)			48	97	146	196	247	298	349

*FFY15 based on 4 months annualized actual data. The % increase based on Sg2's *Impact of Change* forecasting tool. Excludes psych, rehab & normal newborn discharges.

The following is a summary of the assumptions discussed above and the methodology which is described on pages 34-43 of the application.

1. Eastern NC inpatient discharges with MCC/CC designations will increase 1.4% per year. (see pages 34-36)

2. Market share of those higher acuity patients will increase approximately 0.5% per year from FFY2014 – FFY2022. (see pages 36-39)
3. Some service lines will have additional growth ranging from 0.3% to 1.5% per year. (see pages 39-41)
4. Inpatient discharges without MCC/CC designations will decline 0.2% per year from FFY2015-FFY2022. (see pages 41-43)
5. For patients with MCC/CC designations ALOS = 7 days; for patients without MCC/CC designations, ALOS will increase slightly from 4.26 in FFY2015 to 4.42 in FFY2022. (see page 43)

On page 43, the applicant includes a chart that illustrates its historical and projected discharges and days of care for patients with and without MCC/CC designation.

VMCs Historical & Projected Discharges, Days & ALOS For Patients With and Without MCC/CC Designation

	Without MCC/CC			With MCC/CC			TOTAL		
	DCs	**Days**	**ALOS**	**DCs**	**Days**	**ALOS**	**DCs**	**Days**	**ALOS**
FFY08	18,191	76,625	4.21	14,629	111,904	7.65	32,820	188,529	5.74
FFY09	17,402	73,786	4.24	16,345	121,452	7.43	33,747	195,238	5.79
FFY10	17,629	75,166	4.26	18,083	130,199	7.20	35,712	205,365	5.75
FFY11	18,942	78,603	4.15	18,319	130,062	7.10	37,261	208,665	5.60
FFY12	20,099	79,114	3.94	19,676	138,813	7.05	39,775	217,927	5.48
FFY13	19,213	75,565	3.93	21,110	148,430	7.03	40,323	223,995	5.56
FFY14	17,354	73,201	4.22	21,555	154,709	7.18	38,909	227,910	5.86
FFY15	17,449	74,347	4.26	22,254	155,739	7.00	39,703	230,086	5.80
FFY16	17,414	74,881	4.30	22,999	160,995	7.00	40,413	235,876	5.84
FFY17	17,379	75,252	4.33	23,770	166,390	7.00	41,149	241,643	5.87
FFY18	17,345	75,622	4.36	24,557	171,901	7.00	41,902	247,523	5.91
FFY19	17,310	75,817	4.38	25,361	177,529	7.00	42,671	253,346	5.94
FFY20	17,275	76,011	4.40	26,182	183,277	7.00	43,458	259,288	5.97
FFY21	17,241	76,031	4.41	27,021	189,148	7.00	44,262	265,179	5.99
FFY22	17,206	76,051	4.42	27,878	195,143	7.00	45,084	271,194	6.02

Source: Column 2, page 42; Columns 4 & 8, page 43; Column 6, pages 38, 39 & 41

Discharges are based on the methodology and assumption presented in this Section above. FY08-14 days are based on actual internal data. FY15 days are based on four months actual data annualized. FY16-22 are based on ALOS assumptions. FY16-22 Without MCC/CC are assumed to continue increasing slightly as lower length of stay patients are transitioned to the outpatient arena, leaving a higher concentration of longer stay patients to mathematically drive up the ALOS. Given the historical fluctuation of ALOS for With MCC/CC patients, FY16-22 conservatively assume the lowest ALOS (FY15).

On page 48, the applicant discusses current occupancy constraints:

- Existing acute care inpatient beds are operating at or above 80% capacity. (FFY14 = 227,910/782/365 = 291/365 = 79.8%)
- The SMFP target occupancy rate for hospitals with an average daily census (ADC) greater than 400 is 78%.
- Even with 65 additional beds becoming operational in FFY2018 (CON Project ID# Q-10068-12), the hospital will have to operate above 80% occupancy to meet the projected demand.

(FFY18 occupancy = 247,523/847 beds/365 = 292/365 = 80%)

- By FFY2022, VMC will operate close to 90% occupancy in order to meet conservative need projections, without additional beds.
  (FFY22 = 271,194/847/365 = 320/365 = 87.7%)

On page 46, the applicant states that operating above 80% occupancy causes constraints that hinder access to acute care inpatient services:

- Patients are required to be directed to another facility, many times outside of Eastern North Carolina.
- Patients are held for periods of time in the ED until a bed becomes available.
- For many people transferring outside Eastern North Carolina can become a significant financial and emotional hardship.
- The need to ensure adequate access becomes even greater with over 28% of acute inpatient admissions coming from medically underserved individuals.
- With the current number of acute care inpatient beds VMC cannot guarantee that resources will be available when needed.

Continuing on page 47, the applicant states that the 85 proposed beds provide additional capacity, but even this is a short term solution, since occupancy is still projected to be back to 80% by 2022, three years after completion of the proposed project. However, the applicant states, operating at 80% occupancy in FFY2022 is better, both for the hospital operationally and the patient clinically, than operating at 90% occupancy without the 85 additional beds.

The applicant adequately identifies the need for 85 additional acute care beds.

In Section III.1, pages 47-49, the applicant describes the methodology for distributing the 85 proposed beds among the categories of acute care beds. VMC analyzed the number of days, unit location, and licensed bed category for acute care inpatients in the hospital. VMC has the highest percent occupancy rates in its general med/surg ICU and general med/surg units (excluding neonatal units). Both of these types of inpatient beds are close to or over 80% occupancy.

The applicant applied the percent distribution by unit location, bed type and level of care to the number of patient days projected for FFY2022 (PY3). This analysis showed that the applicant would need to operate its ICU units (cardiac, cardiovascular surgery, and general med/surg) at 80% occupancy and its general acute med/surg units at 105% occupancy to meet projected demand. The applicant determined that adding 12 ICU beds and 73 general acute care med/surg beds is the most optimal distribution of the proposed beds to gain adequate capacity for projected demand.

Projected Utilization

In Section III, page 62, the applicant provides historical and projected acute care bed utilization at VMC, including assumptions, as shown below:

VMC Historical & Projected Inpatient Utilization										
Acute Care Beds	Historical		Interim					1st 3 Operating Years		
	FFY13	FFY14	FFY15	FFY16	FFY17	FFY18	FFY19	FFY20	FFY21	FFY22
General										
Beds	640	640	640	640	640	697	697	770	770	770
Discharges	34,221	32,990	33,643	34,217	34,813	35,421	36,044	36,680	37,331	37,996
Patient Days	182,879	189,272	191,068	195,909	200,734	205,654	210,531	215,508	220,445	225,487
Occupancy	78.3%	81.0%	81.8%	83.9%	85.9%	80.8%	82.8%	76.7%	78.4%	80.2%
ICU										
Beds	142	142	142	142	142	150	150	162	162	162
Discharges	6,102	5,919	6,060	6,196	6,337	6,480	6,627	6,777	6,931	7,088
Patient Days	41,116	38,638	39,018	39,967	40,909	41,869	42,815	43,781	44,734	45,707
Occupancy										
Total										
Beds	782	782	782	782	782	847	847	932	932	932
Discharges	40,323	38,909	39,703	40,413	41,149	41,902	42,671	43,458	44,262	45,084
Patient Days	223,995	227,910	230,086	235,876	241,643	247,523	253,346	259,288	265,179	271,194
Occupancy	78.5%	79.8%	80.6%	82.6%	84.7%	80.1%	81.9%	76.2%	78.0%	79.7%

Assumptions: 1. **# of Beds**: approved CON Project ID#Q-10068-12 is completed by FFY18. **2. # of Discharges:** FFY13 & FFY14 represent actual data, most patients are not discharged directly from ICUs, but rather from an intermediate step down or general med/surg unit. The number of discharges for FFY13 & FFY14 represents the number of unique patients whose first day of stay was in an ICU unit vs. a general acute care unit. FFY15-FFY22 data are based on the data in Table IV.2, Section IV.2, page 63 of the application. **3. # of Patient Days** – FFY13 & FFY14 represent actual data. FFY15-FFY22 are derived from Table IV.3, Section IV.2, page 64 of the application. **4. The data**: excludes psych, rehab & normal newborn discharges, days & beds.

Based on 932 licensed acute care beds upon project completion, the applicant projects an average daily census (ADC) for FFY2022 of 742 (271,194 patient days / 365 = 742), which is equivalent to a 79.7% (742 / 932 = 0.797) average occupancy rate for the licensed beds. An occupancy rate of 79.7% exceeds the 75.2% target occupancy rate for hospitals with an ADC >400, required by 10A NCAC 14C .3803(a). Indeed, based on information provided by the applicant in Section IV, page 62, the occupancy rate at VMC exceeded the required target occupancy rate un FFY 2013 and FFY 2014.

The applicant provides supporting documentation in Section III.1(a), pages 31-49, Section IV, pages 61-64, and the pro formas. The applicant's projected utilization for the acute care beds is based on reasonable and adequately supported assumptions regarding historical and projected growth in acute care admissions and patient days. Therefore, the applicant adequately demonstrates the need for 85 (12 ICU and 73 medical surgical beds) additional acute care beds.

Access

In Section VI.2, pages 73-74, the applicant states that VMC ensures access to health services for all patients whether low income persons, racial and ethnic minorities, women,

handicapped persons, elderly and other underserved persons, including the medically indigent, the uninsured and the underinsured. The applicant also states that it will continue to provide services to all patients from all races, regardless of sex, age, handicapped status, socioeconomic status, or ability to pay for services.

The applicant adequately demonstrates the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served, demonstrates the need the population has for 85 additional acute care beds, and demonstrates 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. Therefore, 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.

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.

CA

In Section III.3, pages 53-54, the applicant describes several alternatives considered which include the following:

1) Maintain Status Quo – VMC considered maintaining the status quo, however, the applicant concluded that to do nothing would not be in the best interest of the patients served at VMC.
2) Construct Additional Beds Elsewhere on VMC's Campus – VMC considered constructing space for the additional acute care beds elsewhere on campus. However, VMC rejected this idea because it is not economical to construct space on another part of the campus when there is infrastructure currently being constructed to support the operations of the additional acute care beds.
3) Construct Additional Beds Elsewhere in Pitt, Green, Hyde or Tyrrell Counties – VMC concluded that this alternative was not its best alternative because it would need to replicate its existing services and infrastructure to create a new facility; thereby "far" exceeding the cost of the proposed project.

4) Place the 85 New Acute Care Beds in the Cancer Center Tower – the applicant concluded that to expand its acute care bed capacity by 85 inpatient beds and to place the new beds in the cancer center tower currently under construction is VMC's least costly and most effective alternative to meet the need.

Furthermore, the application is conforming to all other applicable statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

The applicant adequately demonstrates that the proposed alternative is the most effective or least costly alternative to meet the need for 85 additional acute care beds. The application is conforming to this criterion and approved subject to the following conditions.

1. **Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center shall materially comply with all representations made in the certificate of need application.**

2. **Pitt County Memorial Hospital, Incorporated d/b/a Vidant 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. **Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center shall add no more than 85 acute care beds (12 intensive care and 73 general acute care) for a total of no more than 932 licensed acute care beds upon completion of Project Q-10068-12 (add 65 acute care beds) and this project.**

4. **Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center shall submit a plan of energy efficiency and water conservation to the Construction Section, Division of Health Service Regulation (DHSR) that conforms to the rules, codes and standards implemented by the Construction Section, DHSR.**

5. **Prior to issuance of the certificate of need, Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center shall acknowledge acceptance of and agree to comply with all conditions stated herein in writing to the Agency.**

(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.3, pages 88 and 91, the applicant states that the total capital cost of the project will be $43,159,073, including $30,288,563 for construction contract, $9,147,473 for

equipment and furniture, $1,092,727 for architect/engineering fees, and $2,630,310 for other costs (IS / security / biomed / signage). In Section IX, page 92, the applicant states there will be no start-up or initial operating expenses associated with the proposed project. In Section VIII.3, page 88, the applicant states that the project will be funded via accumulated reserves of Vidant Medical Center. Appendix V contains an April 13, 2015 statement of certification signed by the Chief Financial Officer for University Health Systems of Eastern Carolina d/b/a Vidant Health and Pitt County Memorial Hospital d/b/a Vidant Medical Center, which states:

> "*VH and VMC allocate $43,159,073 of accumulated reserves to add 85 new acute care inpatient beds to the fifth and sixth floor* [sic] *of the new cancer center tower currently under construction.*
>
> *VH's accumulated reserves as of February 28, 2015 are $664.2 million and can support this project*."

Appendix K of the application contains the audited financial statements for Vidant Health, the parent company of Vidant Medical Center, for the fiscal years ending September 30, 2014 and September 30, 2013. As of September 30, 2014, Vidant Health had $135,886,000 in cash and cash equivalents and $1,013,618 in net assets (total assets less total liabilities). The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In Appendix W, the applicant provides pro forma financial statements for FFYs 2016-2022, which include the first three operating years of the project, for the entire hospital and for inpatient services. The applicant projects that inpatient services' revenues will exceed operating expenses by the second operational year as illustrated below in the table.

VMC Inpatient Services			
	Project Yr 1 FFY20	**Project Yr 2 FFY21**	**Project Yr 3 FFY22**
Net Patient Revenue	$805,099,531	$846,227,957	$889,467,193
Total Expenses	$812,985,686	$844,596,213	$877,571,906
Net Operating Income	**$(7,886,155)**	**$1,631,744**	**$11,895,287**

Further, the applicant projects a positive net income for the entire hospital in each of the first three full fiscal years of the project. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions regarding cost and charges. See Criterion (3) for discussion of utilization projections which is incorporated herein by reference.

The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and 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.

C

On page 44, the 2015 SMFP defines the service area for acute care hospitals: "*Counties that have at least one licensed acute care hospital are single county acute care bed service areas unless the county is grouped with a county lacking a licensed acute care hospital. When a county that has at least one licensed acute care hospital is grouped with a county lacking a licensed acute care hospital, a multicounty acute care bed service area is created*." Thus, the service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

The 2015 State Medical Facilities Plan identified a need for 85 additional acute care inpatient beds in the Pitt/Greene/Hyde/Tyrrell service area. Vidant Medical Center in Greenville is the only hospital located in the Pitt/Greene/Hyde/Tyrrell service area. In addition, VMC is an academic medical center teaching hospital providing care and services to residents of 29 counties in Eastern North Carolina. In this application, VMC proposes to add 85 inpatient acute care beds including 12 additional ICU beds, on the fifth and sixth floors of the new cancer center tower currently under construction. The applicant does not propose to develop more acute care beds than are determined to be needed in the service area. Furthermore, the applicant adequately demonstrates the need the population proposed to be served has for 85 additional acute care beds at VMC. See Criterion (3) for the discussion regarding the need for the proposal which is incorporated herein by reference.

Therefore, the applicant adequately demonstrates the project will not result in the unnecessary duplication of existing or approved acute care services in the Pitt/Greene/Hyde/Tyrrell service area. Consequently, 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.

C

The applicant proposes to add 85 additional (12 intensive care medical/surgical and 73 general medical surgical) acute care inpatient beds to VMC's existing bed complement. In Appendix E, the applicant provides the current and projected staffing during the second full fiscal year for the hospital's inpatient units, as illustrated below in the table.

VMC INPATIENT STAFFING		
CATEGORY	**CURRENT FTES**	**PROJECTED FTES FFY 2021 (PY2)**
Care Partner	**297.0**	**345.6**
LPN	**2.1**	**2.4**
Non-Clinical	**1.4**	**1.6**
Nursing Assistant	**2.9**	**3.4**
Other Clinical	**10.7**	**12.4**
RN Assistant Manager	**49.3**	**57.4**
RN Manager	**21.2**	**24.6**
RN Staff	**1,164.2**	**1,354.6**
Secretary/ Receptionist/Clerk	**132.5**	**154.2**
Support Partner	**8.5**	**9.9**
TOTAL	**1,689.7**	**1,966.0**

As shown in the above table, the applicant projects to add 276.3 full-time equivalent (FTE) clinical staff on the inpatient units by the second full fiscal year following completion of the proposed project to achieve optimal clinical staff to patient ratios. In Section VII.3(a), page 83, the applicant states:

> "*VMC utilizes relatively constant care staff to patient ratios on all its inpatient units. Therefore, VMC expects the number of clinical staff assigned to existing and new units to increase as a direct result of an increase in census. As a result of this, VMC anticipates adding 320.9 additional clinical staff directly related to patient care on the inpatient units by FY2022* [third full fiscal year] *in order to maintain these ratios against projected patient days. Outside the additional staff listed in Appendix E, no additional staff is required as a direct result of the proposed project.*"

In Section VII.6(a)(b), pages 84-85, the applicant provides its recruitment and staff retention strategies. In Section VII.8(a), page 86, the applicant states that Dr. M. Suzanne Kraemer is the chief of staff. And in Section V.3(c), page 69, the applicant states that Dr. Paul Shackelford, Jr. is medical director of all inpatient beds. The applicant demonstrates the availability of adequate health manpower and management personnel to provide the proposed services, and 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.

The applicant currently provides the services proposed in this application, and the necessary ancillary and support services are currently available. In Section II.2(a), pages 11-12, the applicant states:

"*As an existing regional, tertiary academic medical center, VMC currently has all ancillary and support services in place to support hospital operations .... These clinical services include (but are not limited to):*

- *Pathology services*
- *Pharmacy services*
- *Rehabilitation services*
- *Inpatient care services (general, intermediate, and ICU level)*
- *Operative services (pre-op, post-op, and operating room services)*
- *Observation services*
- *Respiratory therapy services*
- *Emergency services*
- *Woundcare services*
- *Radiology services (VIR, MRI, X-ray, CT, NucMed, ultrasound, etc.)*
- *Other diagnostic services (EKG, EP, ECHO, etc.)*
- *Anesthesiology services*
- *Cardiac catheterization services*

… Upon completion of the proposed project, these services will continue to support patients receiving services at VMC.

Support functions such as billing, facility management, transcription, quality & safety, patient transport, material services, dietary, housekeeping, maintenance, health information management, etc. will be provided utilizing existing services and personnel within the respective departments of the hospital as needed."

See Appendix I of the application for a copy of a letter from the President and the Chief Nursing Officer / Senior Vice President, Patient Care Services of VMC attesting to the availability of ancillary and support services and support and clinical staff. Appendix N contains letters of support from physicians and others for the proposed project. The applicant adequately demonstrates the availability of the necessary ancillary and support services and that the proposed services would be coordinated with the existing health care system. Therefore, the application is conforming to 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

In Section II.1, page 10, the applicant states:

> "*… the proposed project will require the build out of the fifth and sixth floor* [sic] *of the new cancer tower currently under construction. The 'shell' of the fifth and sixth floor* [sic] *of the new cancer center was approved as a result of CON Project ID Q-10068-12. In that application, it was proposed that the fifth and sixth floors would be designed for future expansion of inpatient beds … … Construction requirements presented in this application reflects* [sic] *the 'renovation of the shell' to create inpatient units rather than support space as originally proposed*."

In Section XI.4, page 102, the applicant provides the proposed square footage of the total VMC facility and for the new cancer center tower, as illustrated below:

VMC Building Requirements	
Existing Sq. Feet (VMC Facility)	1,624,299
Add: New Construction (Q-10068-12)	418,000
Total Sq. Feet – Project Completion	2,042,299
Total Sq. Feet – Renovation (5th & 6th Floors)	102,390

VMC Proposed Square Footage for Completion of 5th & 6th Floors					
		Square Footage			
Location	**Use**	**Actual**	**New**	**Renovation**	**Total**
5th Floor	43 Bed Unit	51,195	0	51,195	51,195
6th Floor	42 Bed Unit	51,195	0	51,195	51,195
TOTAL		**102,390**	**0**	**102,390**	**102,390**

In Section XI.4(e), page 102, the applicant notes that "actual square footage" assumes completion of the shell of the fifth and sixth floors in FFY2018 as a result of approved CON Project ID#Q-10068-12.

In Section XI.4(f), page 102, the applicant provides the cost per square foot for the proposed completion of the fifth and sixth floors, as illustrated below.

VMC Construction Cost for Entire Project				
Estimated Square Feet	**Construction Cost Per Sq. Ft.**	**Construction Cost per Bed**	**Total Cost per Square Foot**	**Total Cost Per Bed**
102,390	$295.82	$356,336	$421.52	$507,754

Cost per bed assumed for only 85 new beds.

Appendix X contains a certified cost estimate from Vidant Health's Vice President, Facilities and Properties, which states:

> "*This is to certify that I have reviewed the construction costs associated with the facility modifications and additions. Based on recent project experience, the budget for this project is estimated to be:*

VMC 85 Acute Care Bed Budget	
Design & Construction Costs	$34,011,600
Furniture/Equipment	$ 9,147,473
TOTAL PROJECT BUDGET	$43,159,073

In Section XI.6, page 104, the applicant provides the projected number of private and semi-private rooms following the completion of Project Q-10068-12 (add 65 beds) and this project, as illustrated below in the table.

VMC Room & Bed Count						
	Current		**After Completion of Project Q-10068-12***		**After Completion of Proposed Project**	
	Room Count	**Bed Count**	**Room Count**	**Bed Count**	**Room Count**	**Bed Count**
Private	827	827	892	892	977	977
Semi-Private	41	82	41	82	41	82
Total	**868**	**909**	**933**	**974**	**1,018**	**1,059**

*April 1, 2018

Section XI.7, page 105, contains the applicant's statement for energy efficiency and sustainability and water conservation. Appendix C contains the Site and Floor Plans. See Criterion (1) for additional discussion regarding energy conservation which is incorporated herein by reference. The applicant adequately demonstrates that applicable energy saving features have been incorporated into the construction plans.

The applicant adequately demonstrates that the cost, design, and means of construction represent the most reasonable alternative for the proposal to complete the fifth and sixth floors of the Cancer Center Tower. Furthermore, the applicant adequately demonstrates the project will not unduly increase costs or charges. See Criterion (5) for discussion of costs and charges which is incorporated herein by reference. Therefore, 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.13, page 79, the applicant provides its FFY2014 payor mix for the existing inpatient beds at VMC, as shown below in the table.

VMC 2014 Payor Mix	
Payor	**Patient Days as % of Total Current Inpatient Beds**
Commercial	22.2%
Medicare	47.1%
Medicaid	21.1%
Self-Pay	6.0%
Other	3.5%
Total	**100.0%**

As shown in the table above, 68.2% of all VMC days of care for inpatient services in FY2014 were paid for by Medicare and Medicaid.

The Division of Medical Assistance (DMA) maintains a website which provides the number of persons eligible for Medicaid in North Carolina, and estimates the percentage of uninsured people for each county. The following table illustrates those percentages for Pitt, Greene, Hyde, and Tyrrell counties and statewide.

	2010 Total # of Medicaid Eligibles as % of Total Population *	**2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population ***	**2008-2009 % Uninsured (Estimate by Cecil G. Sheps Center) ***
Pitt	16.3%	6.7%	21.3%
Greene	21.1%	7.6%	24.6%
Hyde	19.7%	10.3%	26.8%
Tyrrell	20.8%	10.1%	28.8%
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. All of the 85 beds the applicant proposes to develop are designated as adult beds.

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 is available by age, race or gender. However, a direct comparison to the applicant's current payer mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities, handicapped persons or women utilizing health services.

The applicant demonstrates that medically underserved populations currently have adequate access to the services offered at VMC. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and 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, pages 77-78, the applicant states:

> "*VMC is bound by the Civil Rights Act, Hill-Burton Community services obligation as well as its admissions policy to provide equal access to care without discrimination and without regard to race, color, creed, national origin, or source of payment. VMC has fulfilled its required volume of uncompensated care services in compliance with Hill-Burton regulations. However, there exists into perpetuity the Hill-Burton requirement that VMC provide access to all those in need. In fact, over the last seven fiscal years, VMC has provided almost $617.8 million in charity care services. Below is the seven year breakout.*

VMC Charity Care	
FY08	*$ 41,776,646*
FY09	*$ 74,044,506*
FY10	*$ 99,545,120*
FY11	*$ 90,795,365*
FY12	*$104,897,455*
FY13	*$101,198,401*
FY14	*$105,545,610*

See Appendix J for a copy of the applicant's admission and charity care policies. In Section VI.10(a), page 77, the applicant states that there have been no civil rights equal access complaints filed against the hospital 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.14(a)(b), pages 79-80, the applicant provides the projected payor mix for the second full fiscal year (FFY2021) of operations for the entire facility and for inpatient services, as illustrated below in the table:

VMC Proposed Payor Mix FFY 2021		
	Entire Facility	**Inpatient Services**
Commercial/Managed Care	23.2%	21.5%
Medicaid	24.7%	20.9%
Medicare	36.5%	48.2%
Other	4.1%	3.5%
Self	11.5%	6.0%
TOTAL	**100.0%**	**100.0%**

The applicant projects that the FFY2021 payor mix will approximate the FFY2014 payor mix for both the entire facility and for inpatient services. The applicant demonstrates that medically underserved populations will have adequate access to the proposed services. Therefore, 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(a), page 76, the applicant states:

"*As in the past, patients will have access to the proposed services primarily through medical staff referrals, emergency department admissions, and patient transfers and referrals from other institutions. The services are available through normal operating hours and an emergency basis 24 hours per day, 7 days per week, 365 days a year*."

The applicant adequately identifies the range of means by which patients will have access to the proposed services. Therefore, the application is conforming to this criterion.

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

C

In Section V.1(a), page 65, the applicant states:

"*Education is a major component of the Vidant Medical Center … mission. The hospital is considered one of the leading training facilities for medical, nursing and allied health students in eastern NC.* …

As the leading medical training facility in eastern NC, VMC maintains working agreements for medical, nursing, and allied health training with numerous educational institutions including, (but not limited to):

- *Brody School of Medicine at East Carolina University*
- *East Carolina University School of Nursing*
- *East Carolina University School of Allied Health Sciences*
- *East Carolina University School of Social Work*
- *East Carolina University Therapeutic Recreation Department*
- *Pitt Community College*
- *Lenoir Community College*
- *Beaufort County Community College*
- *Barton College of Nursing*
- *Edgecombe Community College*
- *University of North Carolina at Chapel Hill School of Nursing and Pharmacy*"

Appendix T contains a summary of VMC's clinical training agreements. The applicant demonstrates that the facility will continue to accommodate the clinical needs of health professional training programs in the area. 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

On page 44, the 2015 SMFP defines the service area for acute care hospitals: "*Counties that have at least one licensed acute care hospital are single county acute care bed service areas unless the county is grouped with a county lacking a licensed acute care hospital. When a county that has at least one licensed acute care hospital is grouped with a county lacking a licensed acute care hospital, a multicounty acute care bed service area is created*." Thus the service area for this facility consists of Pitt, Greene, Hyde and Tyrrell counties. Facilities may also serve residents of counties not included in their service area.

Vidant Medical Center in Greenville is the only hospital located in the Pitt/Greene/Hyde/Tyrrell service area. In addition, VMC is an academic medical center teaching hospital providing care and services to residents of 29 counties in eastern North Carolina. In this application, VMC proposes to add 85 inpatient acute care beds, which includes 12 ICU beds, on the fifth and sixth floors of the cancer center tower currently under construction.

In Section V.7, pages 71-72, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states,

- "*VMC will use the long-standing experience it has in providing community and tertiary level inpatient services …*
- *VMC is … positioned to support the efficient integration of regional health care services…*
- *VMC's comprehensive quality assurance program …*
- *VMC will use the proposed additional beds to enhance the operational efficiency of inpatient services and to increase patient access ~ particularly for patients with complicating or comorbid conditions. …*
- *As the tertiary medical center in eastern NC, VMC offers additional support and ancillary services on-site and provides care to complex patients. …*
- *VMC's mission is to improve the health status of the region. VMC is dedicated to offering needed inpatient services to anyone in the community, especially the medically underserved populations. …*
- *The proposed project will also allow VMC to offer more education and research opportunities due to the larger patient base that can obtain care here*."

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 in the application is reasonable and credible and adequately demonstrates that any enhanced competition in the service area includes a positive impact on 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 proposed project and that it is a cost-effective alternative. The discussions regarding the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates it would continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates it will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) and (13), respectively, are incorporated herein by reference.

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.

C

In Section I.12(c), pages 6-8, the applicant states that it or its parent company Vidant Health, currently owns, leases, or manages eight hospitals in North Carolina. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, two incidents occurred at Vidant Medical Center (the applicant) within the eighteen months immediately preceding submission of the application through the date of this decision. The problems were corrected. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all eight facilities, the applicant provided sufficient evidence that quality care has been provided in the past and adequately demonstrated that there is no pattern of substandard quality of care. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

C

The application is conforming to all applicable Criteria and Standards for Acute Care Beds, promulgated in 10A NCAC 14C .3800 and Criteria and Standards for Intensive Care Services, promulgated in 10A NCAC 14C .1200. The specific criteria 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- VMC used 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- In Appendix A, VMC states the hospital proposes to be licensed for and operate 932 acute care beds upon completion of Project I.D. # Q-10068-12 and this 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- In Section II.8, page 16, the applicant states that VMC is currently conforming to all applicable facility, programmatic, and service specific licensure, certification, and Joint Commission (TJC) 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- In Section II.8, page 16, VMC states that the hospital currently conforms to licensure and other requirements relative to the physical environment. The applicant also states that all beds operated at VMC will be in a space that conforms to the requirements of federal, state, and 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 Section II.8, page 17, the applicant provides VMC's FFY2014 inpatient days of care by major diagnostic category (MDC) as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the 2015 SMFP, as below illustrated:

VMC FFY2014 Inpatient Days by Major Diagnostic Category		
MDC	**MDC Description**	**FY14 Days**
0	Not Classified	2
1	Diseases and disorders of the nervous system	21,502
2	Diseases and disorders of the eye	235
3	Diseases and disorders of the ear, nose, mouth and throat	2,214
4	Diseases and disorders of the respiratory system	22,340
5	Diseases and disorders of the circulatory system	38,897
6	Diseases and disorders of the digestive system	22,700
7	Diseases and disorders of the hepatobiliary system and pancreas	6,761
8	Diseases and disorders of the musculoskeletal system and connective tissue	19,564
9	Diseases and disorders of the skin, subcutaneous tissue and breast	3,203
10	Endocrine, nutritional and metabolic, diseases and disorders	6,748
11	Diseases and disorders of the kidney and urinary tract	10,918
12	Diseases and disorders of the male reproductive system	495
13	Diseases and disorders of the female reproductive system	1,315
14	Pregnancy, childbirth and the puerperium	12,573
15	Newborns and other neonates with conditions originating in the perinatal period	27,965
16	Diseases and disorders of the blood, blood forming organs and immunological disorders	3,090
17	Myeloproliferative diseases and disorders, and poorly differentiated neoplasms	4,217
18	Infectious and parasitic diseases (systemic or unspecified sites)	18,780
19	Mental diseases and disorders	13,254
20	Alcohol/drug use and alcohol/drug induced organic mental disorders	763
21	Injuries, poisoning and toxic effects of drugs	4,186
22	Burns	45
23	Factors influencing health status and other contacts with health services	18,106
24	Multiple significant trauma	2,750
25	Human immunodeficiency virus infections	1,111
	TOTAL	**263,734**

Source: Internal data. Inpatient days include psych, rehab and normal newborn days

(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- See Appendix H for the projected number of patient days of care for the total number of licensed acute care beds for each of the first three years following completion of the proposed project. See Section III.1, pages 31-49 and Section IV.1, pages 61-64, for the assumptions, data and methodologies used by the applicant to project the number of inpatient days of care.

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

-C- In Section II.8, page 18, the applicant states, "*VMC is currently able to communicate with all emergency transportation agencies in eastern North Carolina 24 hours per day, seven 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;

-C- In Section II.8, page 19, the applicant provides documentation that as a Level I trauma center, VMC's emergency care department provides 24 hours per day, 7 days per week services to residents of Pitt and 28 other counties within Eastern North Carolina. The applicant states, "*The ED is staffed by physicians with Board Certification in Emergency Medicine. … trauma teams in the ED provide care for all types of serious injuries or illnesses. … Specially trained staff triage and stabilize trauma patients and, along with other physicians, nurses and specialists decide within minutes how to best care for them. VMC maintains the staff, equipment and supplies needed to treat any patient that presents to the ED at any time*." See Appendix I for additional information.

(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 Section II.8, page 19 the applicant states that VMC provides services to all medically necessary patients regardless of age, race, sex, creed, religion, disability or the patient's ability to pay. See Appendix J for a copy of VMC's admissions, patient rights and charity care policies and procedures.

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

-C- In Section II.8, page 19, the applicant states that the hospital will continue to participate in and comply with the Medicare and Medicaid conditions of participation. The applicant further states that in FFY2014 VMC had inpatient days of participation with Medicare or Medicaid that equaled almost 74% of total acute inpatient days, as illustrated below in the table.

VMC Acute Care Inpatient Days by Payor		
Payor	**FFY14 IP Days**	**% of Total**
Commercial/ Managed Care	40,755	17.9%
Medicaid	54,432	23.9%
Medicare	113,242	49.7%
Other	7,981	3.5%
Self	11,500	5.0%
Total	**227,910**	**100.0%**
Excludes psych, rehab, normal newborn		

(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- See Appendix K, pages 25-27, for a copy of Vidant Health's audited financial statements which includes a description of the healthcare services provided by VH entities, in each of the last two operating years for Medicare and Medicaid patients and patients who are not able to pay for their care.

(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- See Section II.8, page 20, where the applicant states it has a "*documented history*" of attracting physicians and medical staff who provide care to patients without regard to their ability to pay. See Appendix K for a copy of Vidant Health's audited financial statements and Section VI of the application.

(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- In Section II.8, page 20, the applicant states that VMC has provided both surgical and non-surgical services to patients since the hospital's inception. See Section II.8, page 17, for FFY2014 inpatient days of care by MDC, which documents that the applicant provides surgical and non-surgical services.

(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;

(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;

(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;

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

(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- VMC does not propose to develop new acute care beds in a new licensed hospital or on a new campus of an existing hospital.

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 between 100 and 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- In Section III, Figure III.18, page 47, the applicant projects the ADC for all acute care beds in Project Year 3 will be 743.0. In Section IV, page 66, the occupancy rate is projected to be 79.7%, which exceeds the 75.2% required by this Rule (743/932 = 79.7).

(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- See Section III.1, pages 31-49 and Section IV, pages 61-64, for the applicant's assumptions and data used to project inpatient utilization. The applicant adequately demonstrates that the projected utilization is supported by the assumptions and data of the proposed project. See Criterion (3) for the discussion regarding the need for the proposal which is incorporated herein by reference.

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- In Section II.8, page 22, the applicant states that VMC currently provides all of the above referenced services. See Appendix I for a letter dated April 15, 2015 from the President of Vidant Medical Center and the Chief Nursing Officer/Senior Vice President of Patient Care Services attesting that Vidant Medical Center provides and will continue to provide the above referenced services.

(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- As an existing acute care facility, VMC currently provides all of the above referenced services 24 hours per day, seven days per week. See Appendix I for additional information.

(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- As an existing acute care facility, VMC currently provides all of the above referenced services. In Section II.8, page 22, the applicant states, "*The above named services are not, and will not, 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- In Section II.8, page 23, the applicant states, "*VMC staff currently complies with all licensure requirements. The proposed staff for the new acute care beds shall comply with all licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals, and with all other regulatory requirements. See Appendix I for additional documentation of compliance with licensure requirements*."

(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- See Section II.8, page 23, and Appendix I of the application for correspondence from the Chief Executive Officer and the Chief Nursing Executive expressing their willingness to continue serving 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- VMC is an existing acute care facility and proposes to add the 85 beds to the existing facility on the same campus.

(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- In Section II.8, page 23, the applicant states, "*VMC currently has 670 physicians on its active medical staff with admitting privileges. These physicians admit and care for patients that cover all major diagnostic categories. See Appendix L for a current list of VMC's medical staff.*"

(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- See Section II.8, page 24, and Appendix I, for documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories for which care is provided at by VMC.

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- The applicant 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 24, the applicant states: "…*VMC currently operates 104 intensive care beds (excluding Pediatric ICU and Level IV Neonatal beds). There are 8 additional ICU beds approved in CON Project ID Q-10068-12 that are anticipated to be operational in April 2018 for a total of 112. At the*

completion of the proposed project, VMC will operate 12 additional intensive care beds for a total of 124." See Appendix A for a listing of VMC's acute care beds by "*License Category*."

(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;

-C In Section II, page 24, Section IV, page 62 and Appendix M, the applicant reports that VMC provided approximately 28,000 intensive care patient days of care in FFY2014. The applicant notes that pediatric ICU and Level IV neonatal inpatient days are excluded.

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

-C- In Section II.8, pages 24-25, the applicant states that four patients were initially treated at the facility and referred to other facilities for intensive care services in FFY2014. The applicant notes this type of transfer is typically for burns, heart-lung transplants or rare pediatric cases.

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

-C- In Section II.8, page 25, the applicant reports that 2,682 patients were transferred from other facilities for intensive care services (excluding pediatric and neonatal intensive care patients) in FY2104.

(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- See Appendix M for the historical and projected number of patients served and inpatient days of care by county of residence and specialized type of intensive care unit. See Section III.1, pages 31-49 and Section IV, pages 61-64, for the assumptions and methodologies used to project inpatient intensive days of care.

(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- As the only academic medical center teaching hospital in Eastern North Carolina, and the only hospital located in the Pitt/Greene/Hyde/Tyrrell service area, VMC provides care to patients from at least 24 other counties (in addition to the four-county service area). See Appendix M for documentation of historical and projected utilization. See Appendix N for letters of support and Appendix O for a list of all the facilities with whom VMC has transfer agreements.

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

-C- In Section II.8, pages 25-26, the applicant states, "*VMC is currently able to communicate with all emergency transportation agencies in eastern North Carolina 24 hours per day, seven days per week. …*"

(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- See Appendix P for documentation and written policies and procedures regarding the provision of care within the intensive care unit, including admission and discharge of patients, infection control, safety procedures, and scope of services.

(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- See Appendix Q for a letter dated April 15, 2015 from Vidant Health's Vice President, Facilities and Properties which attests to the fact that the proposed intensive care service will be operated in an area 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- See Appendix Q for documentation that the services shall 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- See Appendix C for a copy of the proposed floor plan drawn to scale. In Section II.8, page 27, the applicant states, "*Specifically drawing #A.102 shows the proposed design for the fifth floor inpatient units. VMC is proposing rooms labeled 12 through 23 to be the new ICU rooms*."

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

-C- See Appendix C for a copy of the floor plan which documents a means of observation by unit staff of all the patients in the intensive care unit from at least one vantage point. In Section II.8, page 27, the applicant refers the reader to drawing #110 and states, "*While this detailed floor plan represents the second and fourth floor inpatient units, the design of the fifth and sixth floor will be similar. Like on the second and fourth floors, the fifth and sixth floors will have in addition to the main nurses' station, a nurse alcove for each four bed 'pod.' All four patients in each 'pod' can be observed from this alcove. For ICU patients, VMC staffs two nurses per 'pod' in order to provide a 2:1 patient to nurse ratio."*

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- In Section II.8, page 27, Section IV, page 62, and Appendix M, VMC reports that it provided approximately 27,877 intensive care patient days of care (excluding neonatal and pediatric intensive care days) in FY 2014. With 104 ICU beds (excluding pediatric and neonatal ICU beds) the occupancy rate was 73.4 which exceeds the 70% required for facilities with 20 or more intensive care beds (27,877/365/104 = 76.37/104=.734).

(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- In Section II.8, page 28, the applicant states, "*Based on the information presented in Appendix M of this application, VMC projects over 32,000 intensive care patient days (excluding neonatal and pediatric intensive care days) in FY22 (3rd year of operation). With a projected 124 licensed beds, this would result in an average annual occupancy rate of 72.2%, which is above the threshold of 70% for facilities with 20 or more intensive care beds*.

NOTE: *VMC is adding 8 additional ICU beds in FY18 as a result of approved CON Project ID Q-1068* [sic] *-12. These beds are included in the 124 beds identified and included in the calculation for percent occupancy*." [Emphasis in original.] (32,660/365/124=89.5/124=.7216)

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

-C- See Section III.1, pages 31-49, Section IV, pages 61-64, and Appendix M, for the assumptions and data used by the applicant to support the data for projected occupancy rates.

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- In Section II.8, page 28, the applicant states that VMC currently provides all of the above listed services. See Appendix I for supporting documentation.

(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- As an existing acute care facility, VMC currently provides all of the above referenced services.

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- See Appendix I which documents that nursing staff 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- In Section II.8, page 29, the applicant states, "*Medical direction of* VMC's *ICUs is currently provided by several physicians depending on the type of ICU* …" See Appendix R for a copy of each physician's curriculum vitae.

VMC ICU Medical Directors	
Overall Medical Director-all IP Beds	Dr. Paul Shackelford
Surgery ICU	Dr. Michael Bard
Medicine ICU	Dr. Mark Mazer
Cardiac & Cardiovascular Surgery ICU	Dr. Harry DeAntonio

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

-C- In Section II.8, page 29, the applicant states that VMC currently provides and will continue to provide medical and surgical on-call coverage 24/7. The applicant refers the reader to Appendix I for additional documentation.

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

-C- In Section II.8, page 29, the applicant states that VMC currently provides and will continue to provide in-service training and continuing education programs to all clinical and non-clinical staff. See Appendix I for additional documentation.