ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date:	May 28, 2015
Findings Date:	May 28, 2015
Project Analyst:	Bernetta Thorne-Williams
Assistant Chief:	Martha J. Frisone
Project ID #:	P-11002-15
Facility:	Brynn Marr Hospital
FID #:	943044
County:	Onslow
Applicants:	Brynn Marr Hospital Universal Health Services, Inc
Project:	Relocate 18 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 for a total of 12 adult inpatient psychiatric beds, 60 child/adolescent inpatient psychiatric beds and 12 substance abuse beds upon project completion

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicants, Brynn Marr Hospital, Inc. (BMH) and Universal Health Services, Inc. (UHS), propose to relocate 18 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2015 State Medical Facilities Plan (SMFP). BMH currently operates 12 adult inpatient psychiatric beds, 42 child and adolescent inpatient psychiatric beds, 34 psychiatric residential treatment facility (PRTF) beds and 12 chemical dependency treatment beds in Jacksonville, Onslow County. The 18 relocated beds will serve children and adolescents.

The applicants do not propose to develop any new inpatient psychiatric beds. Therefore, there are no need determinations in the 2015 SMFP applicable to this review.

Policies

There are two policies in the 2015 SMFP which are applicable to this review, Policy MH-1: Linkages between treatment settings and Policy PSY-1: Transfer of beds from state psychiatric hospitals to community facilities.

Policy MH 1 states:

> *"An applicant for a certificate of need for psychiatric, substance abuse, or Intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services."*

In Section III.2, page 49, the applicants state that they have a positive, long standing relationship with CoastalCare LME/MCO. See Exhibit 6 of the application for a letter dated January 22, 2015 from the CEO of CoastalCare supporting the proposed application. The application is conforming to Policy MH-1.

Policy PSY-1 states:

> *"Beds in the state psychiatric hospitals used to serve short-term psychiatric patients may be relocated to community facilities through the certificate of need process. However, before beds are transferred out of the state psychiatric hospitals, services and programs shall be available in the community. State psychiatric hospital beds that are relocated to community facilities shall be closed within 90 days following the date the transferred beds become operational in the community.*
>
> *Facilities proposing to operate transferred beds shall submit an application to the Certificate of Need Section of the Department of Health and Human Services and commit to serve the type of short-term patients normally placed at the state psychiatric hospitals. To help ensure that relocated beds will serve those people who would have been served by the state psychiatric hospitals, a proposal to transfer beds from a state hospital shall include a written memorandum of agreement between the local management entity-managed care organization serving the county where the beds are to be located, the secretary of the North Carolina Department of Health and Human Services, and the person submitting the proposal."*

In Section III.2(c), page 50, the applicants state the 18 beds will be relocated from Broughton Hospital to existing space at Brynn Marr Hospital. Exhibit 4 of the application contains a signed Memorandum of Agreement (MOA) for the transfer of the beds from Broughton Hospital. The application is conforming to Policy PSY-1.

Conclusion

In summary, the application is consistent with Policy MH-1 and Policy PSY-1. Therefore, the application is conforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicants propose to add 18 child and adolescent inpatient psychiatric beds to existing space at Brynn Marr Hospital by relocating 18 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2015 SMFP. BMH currently operates 12 adult inpatient psychiatric beds, 42 child and adolescent inpatient psychiatric beds, 34 PRTF beds and 12 chemical dependency treatment beds in Jacksonville, Onslow County. The additional 18 child and adolescent inpatient psychiatric beds will be located in space currently occupied by the existing 34-bed PRTF. The applicants propose to de-license 16 of the 34 PRTF beds to accommodate the 18 additional child and adolescent inpatient psychiatric beds. The applicants propose to renovate 4,803 square feet of existing space. Upon project completion, BMH would be licensed for a total of 12 adult inpatient psychiatric beds, 60 child and adolescent inpatient psychiatric beds, 18 PRTF beds and 12 chemical dependency treatment beds.

Population to be Served

In Section III.4, page 52 and Section III.5, page 53, the applicants provide the current and projected patient origin for child/adolescent inpatient psychiatric services for the first two full fiscal years, following project completion, as illustrated in the table below.

County	CY 2014 Patient Origin as % of Total	CY 2016 & CY 2017 Projected Patient Origin as % of Total
Onslow	15.0%	15.0%
Wake	7.8%	7.8%
Craven	5.5%	5.5%
New Hanover	5.1%	5.1%
Cumberland	5.0%	5.0%
Edgecombe	2.8%	2.8%
Wayne	2.6%	2.6%
Durham	2.6%	2.6%
Carteret	2.5%	2.5%
Robeson	2.1%	2.1%
Johnston	2.1%	2.1%
Brunswick	2.0%	2.0%
Duplin	1.9%	1.9%
Pitt	1.8%	1.8%
Wilson	1.8%	1.8%
Rowan	1.6%	1.6%
Pender	1.5%	1.5%
Cleveland	1.4%	1.4%
Lenoir	1.1%	1.1%
*Other NC Counties	33.2%	33.2%
Out of State	0.5%	0.5%
Total	100.0%	100.0%

* These are identified on pages 52 and 53 of the application.

As illustrated in the table above, BMH does not project a change in its patient origin as a result of the proposed project. In Section III.5(b), page 54, BMH states that projected patient origin for child and adolescent inpatient psychiatric patient origin is based on historical patient origin.

The applicants adequately identify the population proposed to be served.

Analysis of Need

In Section III.1(a), pages 32-45, the applicants state the need for 18 additional child/adolescent inpatient psychiatric beds is based on the on the following factors:

- *"Access to Child/Adolescent Inpatient Psychiatric Beds*
- *Wait-times in Local Emergency Departments*
- *North Carolina State Mental Health Initiative*
- *Federal Parity Laws and the Affordable Care Act*
- *High Level of Psychiatric Utilization in Onslow County*
- *Onslow County's large and growing child/adolescent population"*

Each factor is briefly described below.

Access to Child/Adolescent Psychiatric Inpatient Beds

Regarding access to child/adolescent psychiatric inpatient beds, on page 34, the applicants state it is widely known in North Carolina that there is limited access to community-based child/adolescent psychiatric inpatient beds. In Section III.1(a), page 35, the applicants provide the 2015 child/adolescent inpatient psychiatric bed inventory in North Carolina, as follows.

Hospital	County	# of Licensed Child/Adolescent Beds	# of Pending Child/Adolescent Beds	HSA
Alamance Regional Medical Center	Alamance	8	0	II
N.C, Baptist Hospital	Forsyth	20	0	II
Old Vineyard Youth Services	Forsyth	18	0	II
Veritas Collaborative	Durham	5	1	IV
Cone Health System	Guilford	30	0	II
Carolinas Medical Center	Mecklenburg	22	0	III
Presbyterian Hospital	Mecklenburg	20	0	III
Brynn Marr Hospital	Onslow	42	0	VI
UNC Hospitals	Orange	18	0	IV
Caromont Regional Memorial Hosp.	Gaston	27	0	III
Holly Hill Hospital	Wake	60	0	IV
Mission Hosp/Copestone Center	Buncombe	17	0	I
Strategic Behavioral Health	Brunswick	20	0	V
Strategic Behavioral Health	Wake	20	12	IV
State Totals		327	13	

Applicants' Source: 2015 SMFP, 2014 License Renewal Applications

As illustrated in the table above, BMH is the only provider of community-based child/adolescent inpatient psychiatric services in Onslow County and in Health Service Area (HSA) VI. On page 35, the applicants state there is a total of 2,022 licensed inpatient psychiatric beds in North Carolina with only 16 percent (327/2,022=0.16) of those beds being categorized as child/adolescent beds.

In Section III.1(a), pages 35-36, the applicant states that there is a limited supply of child/adolescent inpatient psychiatric beds in Onslow County and the state of North Carolina, as a whole. As such, BMH has historically served patients from a broad catchment area throughout eastern and central North Carolina.

Wait-time in Local Emergency Departments

With regard to wait-times in local emergency departments, on page 36, the applicants state that with the increase in the population in North Carolina, the need for psychiatric services has also increased. In Section III.1(a), page 37, the applicants state:

> *"Hospitals have reported an increase in psychiatric patients presenting to the ED ...*
>
> *These patients often require resources that are not available in many general acute hospitals, and subsequently become part of the growing trend of patients requiring admission for psychiatric care being held in the ED until an inpatient psychiatric bed is available. ... Many hospital emergency departments are not adequately designed to care for psychiatric patients and as a result, some psychiatric patients are handcuffed or sedated."*

On pages 37-38, the applicants provide data from on a study that was conducted in North Carolina during the period of time from 2008-2010 to measure the incidence of ED visits in North Carolina with mental health disorder diagnostic codes (MHD-DCs). The report indicated that nearly 10% of all ED visits had one or more MHD-DCs assigned to the visit. The study further indicated that MHD-DCs related ED visits increased three times faster than all ED visits. The annual number of ED visits increased by 5.1%, from 4,190,911 to 4,405,676, while the annual number of MHD-DCs related ED visits increased by 17.7%, from 347,806 to 409,276.

In Section III.1(a), pages 38-39, the applicants state that in 2015, BMH conducted their own informal ED survey concerning the wait times for children and adolescents in need of inpatient psychiatric placement in eastern North Carolina. The results of the survey are illustrated in the table below.

Hospital	County	Average Wait Time in Days	Average Wait Time in Hours
Carolina East	Craven	1	24
Nash General	Nash	4-5	96-120
Halifax Regional	Halifax	5-8	120-192
Lenoir Memorial	Lenoir	2-3	48-72
Vidant Duplin	Duplin	1-4	24-96
Novant Hlth Brunswick Medical Center	Brunswick	2-3	48-72
Wayne Memorial	Wayne	2-3	48-72
Pender Memorial	Pender	6	144
Outer Banks	Dare	1	24
Dosher Memorial	Brunswick	2-3	48-72
Sampson Regional Medical Center	Sampson	1-3	24-72
Vidant Medical Center	Pitt	2-4	48-96
Johnston Memorial	Johnston	3-8	72-192
Moore Regional	Moore	4-5	96-120
Onslow Memorial	Onslow	3-4	72-96
Randolph	Randolph	12	12
Average Days		**2.5**	
Average Hours*			**59.25**

Based on the data gathered in BMH's informal survey, children and adolescents wait an average of two-and-a-half days in area EDs to receive inpatient psychiatric placement. The applicants state on page 39, that for calendar year (CY) 2014, BMH had an occupancy rate of 96.8% for its child/adolescents psychiatric inpatient beds.

State Mental Health Initiative

In Section III.1(a), pages 39-40, the applicants state:

> *"In November 2013, N.C. Department of Health and Human Services (DHHS) Secretary Aldona Wos announced the Crisis Solutions Initiative, which is intended to ensure that individuals experiencing an acute mental health or substance abuse crisis receive timely specialized psychiatric treatment.*
>
> *The initiative's purpose is to identify and implement the best known strategies for crisis care. … 'In addition to alternatives to emergency departments for crisis response, the system will benefit when we strengthen the supports that help people with earlier intervention or with strategies to help prevent crisis altogether.'"*

The applicants state that BMH seeks to continue to be part of the solution for the State Mental Health Initiative. The applicants further state on page 40, that BMH has operated with a high occupancy rate in its child/adolescent inpatient psychiatric beds since 2008. Even with the development of an additional 12 inpatient child/adolescent psychiatric beds (see

Project I.D. # P-10026-12), BMH's child/adolescent inpatient psychiatric beds occupancy rate was 96.8 percent in CY2014.

Federal Parity Laws and the Affordable Care Act

Regarding the Federal Parity Laws and the Affordable Care Act, the applicants state on pages 40-41, that this will increase access to mental health services by those individuals that were previously uninsured and by those that had been previously denied services based on their illness being a pre-existing condition.

High Level of Psychiatric Utilization in Onslow County

In Section III.1(a), page 42, the applicants state that BMH has seen a large increase in child/adolescent inpatient psychiatric admissions from CY2009 – CY2014, as illustrated in the table below.

	CY 2009	**CY 2010**	**CY 2011**	**CY 2012**	**CY2013***	**CY 2014**
Admissions	780	919	951	1,112	1,064	1,109
Discharges	776	922	951	1,108	1,068	1,096
Days of Care	7,953	9,227	10,514	12,455	11,714	14,842
ALOS	10.2	10.0	11.1	11.2	11.0	13.4
# of Child/Adolescent Beds	30	30	30	30	42	42
Occupancy Rate*	72.6%	84.3%	96.0%	113.7%	91.8%	96.8%

*The bed inventory increase was effective as of April 2013

The applicants state on page 42, that the five-year (CY2009-CY2014) compound annual growth for child/adolescent inpatient psychiatric admissions is 7.3%.

Onslow County's Large and Growing Child/Adolescent Population

In Section III.1(a), pages 42-43, the applicants state that Onslow County is the most populous County in HSA VI with over 14% percent of the population of HSA VI residing in Onslow County. On page 43, the applicants provide a table which illustrates the population of each of the 28 cities located in HSA VI. On page 43, the applicants report that the population of HSA VI in 2015, as reported on the North Carolina Office of State Budget and Management (NCOBSM) website, was 1,418,758. On page 44, the applicants state that the population of Onslow County is projected to increase 1.7 percent per year over the next three years for an increase in the overall population of 10,171 residents.

On page 44, the applicants state NCOBMS projects an increase of 6,173 additional residents in the age group 17 and younger between 2015 and 2018 or 3.5% per year. On pages 44-45, the applicants state that the population 17 and younger in Onslow County is growing at a rate five times faster than that of the State of North Carolina, as illustrated in the table below.

Onslow County				
Age Cohort	**2015**	**2018**	**3-Yr CAGR**	**Median Age**
0-17	56,885	63,058	3.5%	
18+	144,037	148,035	0.9%	
Total	**200,922**	**211,093**	**1.7%**	**26.31**
North Carolina				
0-17	2,296,372	2,293,560	-0.04%	
18+	7,757,820	8,063,356	1.3%	
Total	**10,054,192**	**10,356,916**	**1.0%**	**38.28**

The presence of Camp Lejuene in Onslow County is partially responsible for the higher growth rate of the population 17 and younger in Onslow County.

Based on the continued growth in the under 17 population in Onslow County, the applicants concluded that it is reasonable to assume that there will continue to be a demand for child/adolescent behavioral health services within Onslow County, surrounding counties and throughout eastern North Carolina.

Projected Utilization

The applicants describe the assumptions and methodology used to project utilization in Section III.1(b), pages 46-49. The three steps are summarized below:

"Step 1: Review Historical Utilization at BMH:

On page 46, the applicants provide utilization of the child/adolescent inpatient psychiatric beds at BMH for CY 2009 – CY 2014, as illustrated in the table below.

	CY 2009	**CY 2010**	**CY 2011**	**CY 2012**	**CY2013***	**CY 2014**
Admissions	780	919	951	1,112	1,064	1,109
Discharges	776	922	951	1,108	1,068	1,096
Days of Care	7,953	9,227	10,514	12,455	11,714	14,842
ALOS	10.2	10.0	11.1	11.2	11.0	13.4
# of Beds	30	30	30	30	42	42
Occupancy Rate	72.6%	84.3%	96.0%	113.7%	91.8%	96.8%

*Reflects the development of 12 additional inpatient beds

As illustrated in the table above, in 2013 there was a decrease in admissions. The applicants state on page 46, that this decrease was due to BMH utilizing a portion of its child/adolescent beds to accommodate more adult patients. The applicants report a 4.2 percent increase in admissions from CY2013-CY2014. THE CAGR between CY 2009 and CY 2014 was 7.3% per year.

Step 2: Project Utilization During Interim Project Years

On page 47, the applicants state that utilization during project development is projected to increase at 3.5 percent per year which is the CAGR for Onslow County residents 18 and under, as illustrated in the table below.

Child/Adolescent Inpatient Beds	CY 2015
Number of Beds	42
Admissions	1,148
Discharges	1,134
Patient Days of Care	15,361
ALOS	13.4
Occupancy Rate*	100.2%

*Calculated by Project Analyst

Step 3: Project Utilization During Project Years

On pages 48-49, the applicants assume that admissions during the first three years of operation will increase at 3.5 percent per year, which is the CAGR of Onslow County residents 18 and under, as illustrated in the table below.

	CY 2016	CY 2017	CY 2018
Admissions	1,188	1,229	1,272
Annual Increase in Admissions	3.5%	3.5%	3.5%
Discharges	1,174	1,215	1,257
Patient Days of Care	15,897	16,453	17,027
ALOS	13.4	13.4	13.4
Average Daily Census*	43.6	45.1	46.6
Occupancy Rate	72.6%	75.1%	77.8%
Number of Beds	60	60	60

*Calculated by Project Analyst

Projected utilization is based on reasonable and adequately supported assumptions. The applicants demonstrate that utilization has increased 7.3% per year between CY2009-CY2014. The applicants assume utilization will increase at 3.5% per year, which is the CAGR for the Onslow County population age 18 and under. Exhibit 6 contains letters of support documenting the need for additional child/adolescent inpatient psychiatric beds in Onslow County. Therefore, the applicants adequately demonstrate the need to relocate 18 inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital for children and adolescents.

Access

In Section VI.2, page 66, the applicants state that BMH will continue to provide services, as clinically appropriate, to all patients regardless of their ability to pay, racial/ethnic origin, age,

gender, physical or mental conditions or other conditions that would classify them as underserved.

The applicants adequately demonstrate 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 applicants adequately identified the population to be served, demonstrated the need the population has for the project and demonstrated the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. 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.9, pages 50-51, the applicants state the following four alternatives were considered:

- Maintain the Status Quo – The applicants concluded that this was not the most effective alternative because BMH's utilization is 96.8% and is expected to increase.

- Develop the Proposed Psychiatric Beds in a Different Location – The applicants stated this alternative is not cost effective due to the need to acquire land, construct a new building and hire additional staff.

- Utilize a Greater Portion of BMH's 42 Inpatient Beds for Child/Adolescent Services – The applicants stated that the 12 adult beds at BMH are currently operating at 100% of capacity.

- Develop the Project as Proposed – The applicants propose to relocate 18 beds from Broughton Hospital to existing space now used for PRTF beds, which will result in minimal renovation costs. The space is adjacent to BMH's existing child/adolescent unit and will utilize the existing staff and infrastructure.

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

In summary, the applicants adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **Brynn Marr Hospital, Inc. and Universal Health Services, Inc. shall materially comply with all representations made in the certificate of need application.**

2. **Brynn Marr Hospital, Inc. and Universal Health Services, Inc. shall relocate no more than 18 inpatient psychiatric beds from Broughton Hospital for a total licensed bed complement of no more than 60 child and adolescent inpatient psychiatric beds, 12 adult inpatient psychiatric beds, 18 psychiatric residential treatment facility beds and 12 chemical dependency treatment beds.**

3. **Brynn Marr Hospital, Inc. shall de-license 16 psychiatric residential treatment facility beds upon completion of this project.**

4. **Brynn Marr Hospital, Inc. and Universal Health Services, Inc shall accept patients requiring involuntary admission for inpatient psychiatric services.**

5. **Brynn Marr Hospital, Inc. and Universal Health Services, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.**

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

C

In Section VIII, page 192, the applicants state the total capital cost of the project is projected to be $148,985, including $78,985 for renovations, $15,000 for equipment and furniture, $10,000 for architect & engineering fees, and $45,000 for administrative and legal fees. In Section IX, page 96, the applicants state there will be no start-up or initial operating expenses associated with the proposed project. In Section VIII.2, page 93, the applicants state that the project will be funded by means of UHS's accumulated reserves. Exhibit 17 contains a February 2, 2015 letter signed by the Senior Vice President Operation and Chief Financial Officer for UHS, which states:

"I have the authority to obligate funds from the accumulated reserves of UHS for projects undertaken by Brynn Marr Hospital (BMH). … I am familiar with the CON application regarding the development of 18 new child/adolescent inpatient psychiatric beds. I can and will commit UHS's reserves to cover all of the capital costs associated with this project. The anticipated project costs are estimated at approximately $150,000."

Exhibit 18 contains the UHS 2014 Form 10-Q Quarterly Report to the Securities and Exchange Commission, including the UHS Consolidated Balance Sheets. As of December 31, 2014, UHS had $39,711,000 in cash and cash equivalents and $1,622,094 in total assets. The applicants adequately demonstrate the availability of sufficient funds for the capital needs of the project.

In the pro forma financial statement for the hospital (Form B), the applicants project that revenues will exceed operating expenses in each of the first three years of the project, as illustrated in the table below.

	PY 1 CY 2016	PY 2 CY 2017	PY 3 CY 2018
Gross Patient Revenue	$31,743,708	$33,794,406	$35,986,746
Deductions from Gross Patient Revenue	$15,710,609	$16,998,098	$18,391,008
Net Patient Revenue	$16,054,722	$16,818,796	$17,619,125
Total Expenses	$13,081,870	$13,393,669	$13,716,837
Net Income	$2,972,852	$3,425,127	$3,902,288

The assumptions used by the applicants 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 used regarding costs and charges. See Criterion (3) for discussion of utilization projections incorporated herein by reference. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. 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

The applicants propose to add 18 child/adolescent inpatient psychiatric beds to the existing psychiatric facility by relocating 18 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2015 SMFP. BMH currently operates 12 adult inpatient psychiatric beds, 42 child/adolescent inpatient psychiatric beds, 34 PRTF beds and 12 chemical dependency treatment beds in Jacksonville, Onslow County. BMH is the only provider of inpatient psychiatric services in Onslow County and HSA VI.

The 2015 SMFP lists the following 14 facilities as providers of inpatient child/adolescent psychiatric services.

Name of Facility	County	# of Beds	LME
Veritas Collaborative	Durham	5	Alliance Behavioral Healthcare
Holly Hill	Wake	60	Alliance Behavioral Healthcare
SBC-Garner	Wake	20	Alliance Behavioral Healthcare
Alamance Regional	Alamance	8	Cardinal Innovations Healthcare
UNC	Orange	18	Cardinal Innovations Healthcare
CMC-Center for Mental Hlth	Mecklenburg	22	Cardinal Innovations Healthcare
Novant Hlth Presbyterian	Mecklenburg	20	Cardinal Innovations Healthcare
NC Baptist Hospital	Forsyth	20	CenterPoint Human Resource
Old Vineyards	Forsyth	18	CenterPoint Human Resource
SBC-Leland	Brunswick	20	CoastalCare
Brynn Marr	Onslow	42	CoastalCare
Caromont Regional	Gaston	27	Partners Behavioral Health
Cone Behavioral Health	Guilford	30	Sandhills Center
Mission Hosp-Copestone Center	Buncombe	17	Smoky Mountain Center
Total # of Child/Adolescent Psych Inpat. Beds		**327**	

As illustrated in the table above, there are 327 child/adolescent inpatient psychiatric beds, excluding beds in State Hospitals, in North Carolina. The closest facility geographically to BMH that provides inpatient child/adolescent services is Strategic Behavioral Center (SBC), which is located in Leland in Brunswick County. SBC is licensed for 20 child/adolescent inpatient psychiatric beds. According to Google Maps[1], the drive time from BMH to SBC is 1 hour and 13 minutes or 67.5 miles. BMH and SBC are projected to serve patients from some of the same counties. However, given the minimal overlap in service area, the distance between the two facilities, and the current occupancy rate at BMH, the proposed expansion of BMH would not result in an unnecessary duplication of health service capabilities or facilities.

Therefore, the applicants adequately demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities. 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

In Section VII.2, pages 82-83, the applicants provide the projected number of full-time equivalent (FTE) positions, as illustrated in the table below,

[1] https://www.google.com/maps

Acute Staff	Projected Acute Care FTEs	PRTF Staff	Projected PRTF FTEs
Director	1.0	Licensed Psychiatrists	0.3
Psychiatric Social Workers	6.0	Psychiatric Social Workers	2.0
Registered Nurses	31.2	Registered Nurses	6.2
Substance Abuse Professional	1.0	School	2.0
Utilization Review	3.5	Utilization Review	1.0
LPN	2.4	LPN	1.0
Nursing Assistant/Aides/Orderlies	44.4	Nursing Assistant/Aides/Orderlies	23.0
Clerical Support/ Unit Secretaries	1.0	Clerical Support/ Unit Secretaries	1.0
Medical Records	2.5	Activity Therapy	1.0
Dietary	7.2		
Housekeeping / Laundry	6.3		
Engineering / Maintenance	4.0		
Administration	6.1		
Finance/Business Office	5.0		
Admission Intake	8.0		
Human Resources	2.0		
Risk Mgmt./PI/QA	1.6		
Information Technology	1.0		
Receptionist/Switchboard	2.4		
Business Development	3.0		
Activity Therapy	2.0		
Total	**141.6**		**37.5**

In Section VII.3, pages 84-85, the applicants describe BMH's experience and procedures for recruiting and retaining personnel. On pages 87-88, the applicants describe their training and continuing educational opportunities. In Section VII.8, page 90, the applicants identify Dr. Ashraf Mikhail as the Medical Director of BMH. Exhibit 3 contains a signed letter dated January 20, 2015 from Dr. Mikhail expressing his intent to continue as the Medical Director at BMH. Exhibit 3 also contains a copy of Dr. Mikhail's curriculum vitae. See Exhibit 7 for a list of the 11 board-certified psychiatrists on staff at BMH. The applicants demonstrate the availability of adequate health manpower and administrative personnel for the provision of the proposed services. Therefore, the application is conforming to this criterion.

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

In Section II.9, page 19, the applicants list the proposed providers of the necessary ancillary and support services. Exhibit 6 contains letters of support from area physicians and other health care providers. Exhibit 8 contains signed transfer agreements with Onslow Memorial Hospital, Old Vineyard Behavioral Health Services and Holly Hill Hospital. The applicants adequately demonstrate that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare 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.

NA

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and

ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

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

C

In Section VI.11, page 74, the applicants provide the payor mix during CY2014 for the existing facility, as illustrated in the table below.

Payor	Patient Days as % of Total			
	PRTF Beds	Adult Psychiatric Beds	Child/ Adolescent Psychiatric Beds	Chemical Dependency Beds
Self Pay/ Indigent/ Charity	0.0%	0.7%	0.1%	0.0%
Medicare/Medicare Managed Care	0.0%	27.0%	0.0%	0.0%
Medicaid	78.6%	12.1%	70.2%	0.0%
Blue Cross	8.0%	16.5%	16.8%	0.0%
TriCare	13.5%	42.6%	12.6%	100.0%
Comm/Managed Care/State Gov	0.0%	1.1%	0.4%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

As illustrated in the table above, 70.2% of all inpatient psychiatric days of care for child/adolescent services was paid for by 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 Durham County 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) *
Onslow County	11%	4.2%	23.4%
Statewide	17%	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 typically utilize the same health services at the same rate as older segments of the population.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 45.9% for those age 20 and younger and 30.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

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

The applicants demonstrated that medically underserved population currently have adequate access to the services offered at BMH. 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 applicants;

C

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section VI.10, page 73, the applicants state:

> *"BMH is a recipient of federal funds, and is compliant with all applicable federal regulations to insure continued access to these funds."*

The applicants further state on page 73, that BMH does not discriminate based on race, religion, ethnicity, sex, age, handicap condition or a person's ability to pay. In Section VI.7, pages 70-71, the applicants discuss BMH's charity care policy. In Section VI.9, page 73, the applicants state that no civil rights complaints were filed against BMH 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.12, pages 75-77, the applicants provide the projected payor mix for BMH's inpatient psychiatric beds and PRTF beds during the second year of operation (CY2017), as illustrated in the table below.

Payor	Patient Days as % of Total		
	PRTF Beds	Adult Psychiatric Beds	Child/ Adolescent Psychiatric Beds
Self Pay/ Indigent/ Charity	0.0%	0.7%	0.1%
Medicare/Medicare Managed Care	0.0%	27.0%	0.0%
Medicaid	78.6%	12.1%	70.2%
Blue Cross	8.0%	16.5%	16.8%
TriCare	13.5%	42.6%	12.6%
Comm/Managed Care/State Gov	0.0%	1.1%	0.4%
Total	100.0%	100.0%	100.0%

As illustrated in the table above, the applicants do not project a change in BMH's payor mix.

The applicants demonstrate that medically underserved populations would have adequate access to the services offered at BMH. 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.8, page 72, the applicants describe the range of means by which a person will have access to BMH's services, including self-referral, physician referral, hospital emergency departments, law enforcement agencies and other medical providers. The applicants adequately demonstrate that the facility will offer a range of means by which patients will have access to inpatient psychiatric 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, page 61, the applicants identify the health professional training programs that BMH has established relationships with in the service area, which are listed below:

- University of North Carolina – Wilmington
- Craven Community College
- Coastal Carolina Community College

Exhibit 15 contains a copy of the clinical training agreement with the University of North Carolina – Wilmington. The information provided is reasonable and credible and supports a finding of conformity to this criterion.

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

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

C

The applicants propose to add 18 child/adolescent inpatient psychiatric beds to the existing psychiatric facility by relocating 18 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 in the 2015 SMFP. BMH currently operates 12 adult inpatient psychiatric beds, 42 child/adolescent inpatient psychiatric beds, 34 PRTF beds and 12 chemical dependency treatment beds in Jacksonville, Onslow County. BMH is the only provider of inpatient psychiatric services in Onslow County and HSA VI. SBC-Leland, in Brunswick County (HSA VI) with 20 child/adolescent inpatient psychiatric beds is the next closest provider of child/adolescent inpatient psychiatric services for Onslow County residents. According to Google Maps[2] SBC is 1 hour and 13 minutes or 67.5 miles from BMH.

The 2015 SMFP lists the following 14 facilities as providers of inpatient child/adolescent psychiatric services.

[2] https://www.google.com/maps

Name of Facility	County	# of Beds	LME
Veritas Collaborative	Durham	5	Alliance Behavioral Healthcare
Holly Hill	Wake	60	Alliance Behavioral Healthcare
SBC-Garner	Wake	20	Alliance Behavioral Healthcare
Alamance Regional	Alamance	8	Cardinal Innovations Healthcare
UNC	Orange	18	Cardinal Innovations Healthcare
CMC-Center for Mental Hlth	Mecklenburg	22	Cardinal Innovations Healthcare
Novant Hlth Presbyterian	Mecklenburg	20	Cardinal Innovations Healthcare
NC Baptist Hospital	Forsyth	20	CenterPoint Human Resource
Old Vineyards	Forsyth	18	CenterPoint Human Resource
SBC-Leland	Brunswick	20	CoastalCare
Brynn Marr	Onslow	42	CoastalCare
Caromont Regional	Gaston	27	Partners Behavioral Health
Cone Behavioral Health	Guilford	30	Sandhills Center
Mission Hosp-Copestone Center	Buncombe	17	Smoky Mountain Center
Total # of Child/Adolescent Psych Inpat. Beds		**327**	

As illustrated in the table above, there are 327 child/adolescent inpatient psychiatric beds, excluding beds in State Hospitals, in North Carolina. The closest facility geographically to BMH that provides inpatient child/adolescent services is Strategic Behavioral Center (SBC), which is located in Leland in Brunswick County. SBC is licensed for 20 child/adolescent inpatient psychiatric beds. According to Google Maps[3], the drive time from BMH to SBC is 1 hour and 13 minutes or 67.5 miles.

In Section V.6, pages 63-65, the applicants discuss how any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services.

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

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

- The applicants adequately demonstrate the need for the 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 applicants adequately demonstrate they will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference; and

[3] https://www.google.com/maps

- The applicants adequately demonstrate that they will continue to provide adequate access to medically underserved populations. The discussion regarding access found in Criterion (13) is incorporated herein by reference.

Therefore, 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

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by Universal Health Services, Inc. in North Carolina. 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 Psychiatric Beds promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

10A NCAC 14C .2602 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish new psychiatric beds shall project resident origin by percentage by county of residence. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In Section III.5, page 53, the applicants provide the projected patient origin for child/adolescent inpatient psychiatric services for the first two full fiscal years, following project completion, as illustrated in the table below.

County	CY 2016 & CY 2017 Projected Patient Origin as % of Total
Onslow	15.0%
Wake	7.8%
Craven	5.5%
New Hanover	5.1%
Cumberland	5.0%
Edgecombe	2.8%
Wayne	2.6%
Durham	2.6%
Carteret	2.5%
Robeson	2.1%
Johnston	2.1%
Brunswick	2.0%
Duplin	1.9%
Pitt	1.8%
Wilson	1.8%
Rowan	1.6%
Pender	1.5%
Cleveland	1.4%
Lenoir	1.1%
*Other NC Counties	33.2%
Out of State	0.5%
Total	100.0%

* These counties are identified on page 53 of the application.

On page 54, BMH states that projected patient origin for child/adolescent inpatient psychiatric services is based on historical patient origin.

(b) An applicant proposing to establish new psychiatric beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project, including average length of stay. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In Section IV, pages 56-59, the applicants provide the projected utilization and the occupancy level for the existing and proposed inpatient psychiatric beds for each of the first eight calendar quarters following project completion, including the average length of stay. The assumptions and methodology used are stated in Section III.1, pages 46-49 and Section IV, pages 59-60. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(c) The applicant shall provide documentation of the percentage of patients discharged from the facility that are readmitted to the facility at a later date.

-C- In Section II.2, page 30, the applicants state that the 30-day readmission rate in CY2014 was 2.89%.

(d) An applicant proposing to establish new psychiatric beds shall describe the general treatment plan that is anticipated to be used by the facility and the support services to be provided, including provisions that will be made to obtain services for patients with a dual diagnosis of psychiatric and chemical dependency problems.

-C- See Section II.2, pages 14-15, for the child/adolescent psychiatric inpatient services to be provided. See Section II.3, page 15, for support services, and Section II.4, page 16, for provision for dual diagnosis patients. In Section II.8, page 17, and Exhibit 9, the applicants describe the general treatment plan that is anticipated to be used by BMH.

(e) The applicant shall document the attempts made to establish working relationships with the health care providers and others that are anticipated to refer clients to the proposed psychiatric beds.

-C- Exhibit 6 contains letters of support from referring physicians, Onslow Memorial Hospital and CoastalCare, the LME for BMH's service area.

(f) The applicant shall provide copies of any current or proposed contracts or agreements or letters of intent to develop contracts or agreements for the provision of any services to the clients served in the psychiatric facility.

-C- In Section II.1, page 24, the applicants state that BMH does not require new contracts for its child/adolescent services as the facility currently offers these services.

(g) The applicant shall document that the following items are currently available or will be made available following completion of the project:
(1) admission criteria for clinical admissions to the facility or unit;

-C- Admission criteria for clinical admissions to BMH are provided in Exhibits 5 and 9.

(2) emergency screening services for the targeted population which shall include services for handling emergencies on a 24-hour basis or through formalized transfer agreements;

-C- In Section II.1, pages 25-26 and Exhibit 9, the applicants state that emergency services are provided on a 24-hour basis.

(3) client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan;

-C- In Section II.1, page 26 and Exhibits 5 and 9, the applicants provide the client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan.

(4) procedures for referral and follow-up of clients to necessary outside services;

-C- In Section II.1, page 26 and Exhibit 9, the applicants provide BMH's procedures for referral and follow-up of clients to necessary outside services.

(5) procedures for involvement of family in counseling process;

-C- In Section II.1, page 26 and Exhibit 9, the applicants provide BMH's procedures for involvement of family in the counseling process.

(6) comprehensive services which shall include individual, group and family therapy; medication therapy; and activities therapy including recreation;

-C- In Section II.1, page 27 and Exhibit 9, the applicants describe the existing comprehensive services which include individual, group and family therapy; medication therapy; and activities therapy, including recreation.

(7) educational components if the application is for child or adolescent beds;

-C- In Section II.2, page 27, the applicants describe the educational components provided for child and adolescent inpatient psychiatric patients.

(8) provision of an aftercare plan; and

-C- In Exhibit 9, the applicants describe BMH's existing aftercare plan.

(9) quality assurance/utilization review plan.

-C- Exhibit 10 contains copies of BMH's performance improvement and utilization review plans.

(h) An applicant proposing to establish new psychiatric beds shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.

-C- BMH is an existing facility and the proposed project involves the relocation of 18 inpatient child/adolescent beds to the existing facility on its current site.

(i) An applicant proposing to establish new psychiatric beds shall provide documentation to show that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.

-C- In Section II.1, page 28 and Exhibit 12, the applicants state that the facility will meet the requirements of 10A NCAC 27G .0300.

(j) An applicant proposing to establish new adult or child/adolescent psychiatric beds shall provide:

(1) documentation that adult or child/adolescent inpatient psychiatric beds designated for involuntary admissions in the licensed hospitals that serve the proposed mental health planning area were utilized at less than 70 percent for facilities with 20 or more beds, less than 65 percent for facilities with 10 to 19 beds, and less than 60 percent for facilities with one to nine beds in the most recent 12 month period prior to submittal of the application; or

(2) a written commitment that the applicant will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103 for designation of the facility, in which the new psychiatric beds will be located, for the custody and treatment of involuntary clients, pursuant to G.S. 122C-252.

-C- Exhibit 14 contains a letter dated January 26, 2015 from the Chief Executive Officer of BMH which states that the facility will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103.

.2603 PERFORMANCE STANDARDS

(a) An applicant proposing to add psychiatric beds in an existing facility shall not be approved unless the average occupancy over the six months immediately preceding the submittal of the application of the total number of licensed psychiatric beds within the facility in which the beds are to be operated was at least 75 percent.

-C- In Section II.1, page 29, the applicants state that the average occupancy rate over the six months (July 2014-Dec 2014) immediately preceding the submittal of the application of the 54 inpatient psychiatric beds was 93.7%.

(b) An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.

-C- In Section IV, page 58, the applicants project that the occupancy rate of the total number of licensed child/adolescent inpatient psychiatric beds will be 75.1% during the fourth quarter of the second operating year following completion of the project. On page 59, the applicants project that the occupancy rate of the total number of licensed adult inpatient psychiatric beds will be 100% during the fourth quarter of the second operating year following completion of the project. The applicants' assumptions and methodology used to project utilization of the psychiatric beds are provided in Section III.1, pages 46-49 and IV, pages 56-60. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

.2605 STAFFING AND STAFF TRAINING

(a) A proposal to provide new or expanded psychiatric beds must provide a listing of disciplines and a staffing pattern covering seven days per week and 24 hours per day.

-C- In Section VII.5, pages 85-86, the applicants provide a table which illustrates the daily staffing pattern for BMH's inpatient psychiatric beds.

(b) A proposal to provide new psychiatric beds must identify the number of physicians licensed to practice medicine in North Carolina with a specialty in psychiatry who practice in the primary service area. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-C- In Exhibit 7, the applicants provides a list of licensed psychiatrists routinely providing care in BMH's primary service area, documenting the availability of psychiatrists specializing in the treatment of children or adolescents. Exhibit 3 contains a letter from Ashraf Mikhail, MD expressing his willingness to continue to serve as Medical Director and a copy of his curriculum vitae.

(c) A proposal to provide additional psychiatric beds in an existing facility shall indicate the number of psychiatrists who have privileges and practice at the facility proposing expansion. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-C- In Section II.1, page 30, the applicants state that BMH has 11 psychiatrists on the medical staff, nine of whom specialize in the treatment of children/adolescents.

(d) A proposal to provide new or expanded psychiatric beds must demonstrate that it will be able to retain the services of a psychiatrist who is eligible to be certified or is certified by the American Board of Psychiatry and Neurology to serve as medical director of the facility or department chairman of the unit of a general hospital.

-C- Exhibit 3 contains a letter from Ashraf Mikhail, MD expressing his willingness to continue to serve as Medical Director. Dr. Mikhail is board-certified in child and adolescent psychiatry. Also see Exhibit 3 for a copy of Dr. Mikhail's curriculum vitae.

(e) A proposal to provide new or expanded psychiatric beds must provide documentation to show the availability of staff to serve involuntary admissions, if applicable.

-C- See Exhibit 14 for a letter dated January 26, 2015 from the Chief Executive Officer of BMH which states that the facility will continue to accept involuntary admissions. In Section VII, pages 79 and 82, the applicants provide the current and projected staffing to serve involuntary admissions.

(f) A proposal to provide new or expanded psychiatric beds must describe the procedures which have been developed to admit and treat patients not referred by private physicians.

-C- See Exhibits 5 and 9, for documentation on the procedures which have been developed to admit and treat patients not referred by private physicians.

(g) A proposal to provide new or expanded psychiatric beds shall indicate the availability of training or continuing education opportunities for the professional staff.

-C- In Section II.1, page 31, the applicants state that training and continuing education opportunities will continue to be available for the professional staff at BMH. Exhibit 11 contains the training available and competencies required for professional staff. BMH provides CPR training for all patient care staff.