

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: August 26, 2016

Findings Date: August 26, 2016

Project Analyst: Bernetta Thorne-Williams

Team Leader: Lisa Pitman

Project ID #: B-11180-16

Facility: CarePartners Rehabilitation Hospital

FID #: 923508

County: Buncombe

Applicant(s): Community CarePartners, Inc.

Project: Provide inpatient dialysis services through the addition of two portable inpatient dialysis units

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.

NA

Community CarePartners, Inc. (CCP) d/b/a CarePartners Rehabilitation Hospital (CarePartners), whose parent company is Mission Health System, Inc. (MHS), proposes to add inpatient dialysis services through a service agreement with DaVita HealthCare Partners, Inc. (DaVita) CarePartners Rehabilitation Hospital is a division of Community CarePartners, Inc. (lessee) and CarePartners Foundation serves as the lessor. CarePartners is located at 68 Sweeten Creek Road, in Asheville, Buncombe County.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2016 SMFP. Therefore, there are no need determinations applicable to this review.

Policies

There are no policies in the 2016 SMFP which are applicable to this review.

Conclusion

In summary, the applicant does not propose to develop any beds, operating rooms, or other services or acquire equipment for which there is a need determination in the 2016 SMFP. There are no policies in the 2016 SMFP that are applicable to this review. Therefore, this criterion is not applicable to this review.

- (2) Repealed effective July 1, 1987.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

CarePartners proposes to add two portable inpatient dialysis units, through a service agreement with DaVita. In Section III.1(a), page 14, the applicant states it is the only inpatient rehabilitation hospital in Buncombe County and western North Carolina.

In Section II.1(a), page 19, the applicant states that two existing double occupancy patient rooms on the first floor and one space on the ground floor currently used for equipment storage will be upfitted to accommodate the proposed inpatient dialysis services. The applicant proposes to have a total of three rooms upfitted to accommodate the two portable dialysis units to allow for flexibility and ease of scheduling inpatient rehabilitation patients. The applicant projects that each dialysis unit will accommodate two dialysis treatments per day.

Population to be Served

The 2016 SMFP does not define a service area for inpatient dialysis services. The applicant defines its primary service area in Section III.5, page 39, as Buncombe, Henderson, Haywood and McDowell counties. Facilities may also serve residents of counties not included in their service area.

In Section III.4(a), page 38, the applicant states that historically 42.7% of patients served at CarePartners have been residents of Buncombe County, as illustrated in the table below.

Historical Patient Origin Entire Hospital	
County	% of Total
Buncombe	42.7%
Henderson	10.9%
Haywood	6.7%
McDowell	5.2%
Macon	4.5%
Madison	3.7%
Transylvania	3.3%
Rutherford	3.0%
Jackson	2.9%
Yancey	2.7%
Swain	2.1%
Other*	12.3%
Total	100.0%

*Others: Alamance, Ashe, Avery, Beaufort, Burke, Caldwell, Catawba, Cherokee, Clay, Cleveland, Graham, Iredell, Mitchell, Nash, Polk, Warren, Watauga and Yadkin counties and other states.

The applicant states that CarePartners does not currently provide inpatient dialysis services. The applicant states on page 42, that Mission Hospital, which is also part of MHS, is located in Buncombe County. Mission Hospital currently provides inpatient dialysis services in nine bays and one isolation room through a service contract with DaVita. The applicant states on page 13, that on average, Mission Hospital provides inpatient dialysis services to 20 patients per day.

In Section III.4(c), page 41, the applicant provides the projected patient origin, by county for the proposed inpatient dialysis services, as illustrated below.

County	Project Year 1 FY 2018	Project Year 2 FY 2019	% of Total Project Year 1	% of Total Project Year 2
Buncombe	56	56	42.4%	42.4%
Henderson	14	14	10.6%	10.6%
Haywood	9	9	6.8%	6.8%
McDowell	7	7	5.3%	5.3%
Macon	6	6	4.5%	4.5%
Madison	5	5	3.8%	3.8%
Transylvania	4	4	3.0%	3.0%
Rutherford	4	4	3.0%	3.0%
Jackson	4	4	3.0%	3.0%
Yancey	4	4	3.0%	3.0%
Swain	3	3	2.3%	2.3%
Other*	16	16	12.1%	12.1%
TOTAL	132	132	100.0%	100.0%

*Other: Alamance, Ashe, Avery, Beaufort, Burke, Caldwell, Catawba, Cherokee, Clay, Cleveland, Graham, Iredell, Mitchell, Nash, Polk, Warren, Watauga and Yadkin counties and other states.

Totals may not foot due to rounding

On page 41, the applicant states that its assumptions regarding projected patient origin are based on CarePartners' historic inpatient rehabilitation patient origin.

The applicant adequately identifies the population it proposes to serve.

Analysis of Need

CarePartners is an 80-bed inpatient rehabilitation hospital that serves western North Carolina. The applicant proposes to have two portable dialysis units available to be used in a total of three rooms that will be upfitted to accommodate the equipment. DaVita will provide, via a contract agreement, the equipment and staff necessary to provide ten hours of dialysis treatments per day.

On pages 27-30, the applicant lists three key factors which it states support the need for inpatient dialysis services at CarePartners, as discussed below:

- Delayed or Unrealized Inpatient Rehab Admission
- Undue Patient Burden During Inpatient Rehab Stay
- Ineffective Process

Delayed or Unrealized Inpatient Rehab Admission

On pages 27-28, the applicant discusses the delay that can occur when attempting to transfer a patient from an acute care hospital to a rehabilitative hospital if that patient requires dialysis. The applicant states that often patients have to wait an additional five to six days to be discharged because of the need to secure space at an outpatient end stage renal disease (ESRD) facility prior

to discharge. The applicant states this is potentially harmful to the patient because the patient is not receiving the same intensity of therapy service in the acute care hospital as they would in a rehabilitation hospital.

Additionally, the applicant reports that some patients are discharged to nursing facilities (NF) that provide inpatient dialysis services. The applicant discusses a study that was conducted in 2014, *“Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities and After Discharge”* which analyzed the outcomes of patients treated in a NF compared to those patients who received intensive therapy in a dedicated inpatient rehabilitation hospital. The study concluded that those patients who received care in an inpatient rehabilitation hospital experienced *“better long-term clinical outcomes including ... lower mortality rates, fewer emergency visits per year ... and fewer hospital readmissions.”* (See pages 28-29 and Exhibit 10).

Undue Patient Burden During Inpatient Rehab Stay

The applicant states on pages 29-30, that patients who are admitted to CarePartners and require dialysis services must be transported to an outpatient dialysis center. The applicant further states that patients at CarePartners must be able to tolerate on average three hours of therapy per day. For a patient who requires dialysis treatment, the time to transport the patient to and from the facility must be factored in. Dialysis treatment is typically performed three times per week for approximately four hours. The extra time spent on transporting the patient to and from dialysis at an outpatient dialysis treatment facility can hinder the patient’s recovery process.

Ineffective Process

The applicant states on page 30, that transporting patients to an outside dialysis facility is not operationally or financially efficient. CarePartners incurs the cost of each transport. Additionally, some patients require a staff person from the rehabilitation hospital to remain with them during their dialysis treatment, thus reducing the number of staff at the rehabilitation facility to work with other patients.

Projected Utilization

In Section IV, page 45, the applicant projects to perform 847 treatments in each of its first three project years.

In Section III.1(b), pages 31-35, the applicant provides the assumptions used to project utilization, which are summarized below.

- The number of rehabilitation inpatients who are ESRD patients. In FY 2015, 58 rehabilitation inpatients required transportation to dialysis services. The applicant states on page 31, that the compound annual growth rate (CAGR) for inpatients who received outpatient ESRD services was 22% (FY 2012 - FY 2015).

- The number of patients discharged from Mission Hospital, to a long term care facility who required rehabilitative and ESRD services. The applicant states on page 32, that a total of 350 patients were discharged from FY 2012 to FY 2015, as illustrated below:

Year	# of Dialysis and Rehab Patients Discharged from Mission Hospital
FY 2012	93
FY 2013	106
FY 2014	84
FY 2015	67
Total	350
Average per Year*	88

* Is based on the total number of discharged patients divided by the number of years [350/4=87.5]

- Two portable units, operating 10 hours per day could perform two treatments per unit for a total of four dialysis treatments per day.
- The applicant projects that the addition of inpatient dialysis services at CarePartners would increase the number of dialysis patients in the rehabilitation hospital by three patients per day.
- On page 33, the applicant projects average length of stay (ALOS) of 15.09, based on its historical experience for dialysis patients. CarePartners projects to admit a total of 73 incremental dialysis patients per year in addition to the dialysis patients admitted to the facility without on-site dialysis services (58 in FY 2015).
- The applicant projects that its baseline number of dialysis patients will remain constant at FY 2015 numbers and that the incremental number of patients will also remain constant. Thus, the applicant projects to serve 131 dialysis patients per year, as illustrated below:

<i>Annual Projected Dialysis Patients</i>					
<i>Incremental Patients per Day</i>	<i>Days per Year</i>	<i>ALOS</i>	<i>Total Incremental Patients per Year</i>	<i>FY 2015 Dialysis Patients</i>	<i>Total Project Dialysis Patients</i>
3x	365 /	15.09 =	73 +	58 =	131

Totals may not foot due to rounding

- The applicant assumes that each dialysis patient will receive an average of three dialysis treatments per week. Assuming an ALOS of 15.09 days, the applicant projects to provide a total of 847 treatments per year, as illustrated below:

Total Patients x	Weeks per Patients	Treatments per Week =	Total Treatments
131 x	2.15 x	3 =	847

Totals may not foot due to rounding

- The applicant projects to provide a total of 847 dialysis treatments to 131 patients during each of its first three operating years.
- OY1 is Fiscal Year 2018
- OY2 is Fiscal Year 2019
- OY3 is Fiscal Year 2020

The applicant adequately demonstrates that projected utilization is based on reasonable and adequately supported assumptions regarding continued growth in the patient population that require both rehabilitation and dialysis services.

Access

In Section VI.1, page 54, the applicant states:

“CarePartners provides access to care to all patients ... CarePartners does not discriminate based on age, race, national or ethnic origin, disability, sex, income, or ability to pay.”

Conclusion

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need that population has for the proposed project and 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.3, pages 36-38, the applicant discusses the two alternatives considered prior to submitting this application, which include:

1. Maintain the Status Quo - the applicant states that this option would not support patients who require intensive rehabilitative therapy in a hospital setting who also require dialysis services.
2. Develop an Inpatient Dialysis Service - the applicant states the development of the project, as proposed, through a service contract agreement with DaVita is both operationally and fiscally feasible and the best alternative to meet the need for inpatient dialysis services within the only rehabilitative hospital in western North Carolina.

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

- 1. Community CarePartners, Inc. d/b/a CarePartners Rehabilitation Hospital shall materially comply with all representations made in the certificate of need application.**
 - 2. Community CarePartners, Inc. d/b/a CarePartners Rehabilitation Hospital 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 or which would otherwise require a certificate of need.**
 - 3. Community CarePartners, Inc. d/b/a CarePartners Rehabilitation Hospital shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

CarePartners proposes to add two portable inpatient dialysis units, through a service agreement with DaVita.

Capital and Working Capital Costs

In Section VIII, pages 70-71, the applicant projects the total capital cost, as follows:

Item	Cost
Construction Contract	\$35,530
Architect & Engineering	\$5,330
Legal	\$5,000
CON Preparation	\$27,000
Total	\$72,860

In Section IX, page 76, the applicant states there will be no start-up or initial operating expenses associated with the proposed project. The applicant proposes to provide inpatient dialysis services through a contract agreement with DaVita. As such, DaVita will provide the staff, portable dialysis units and equipment necessary to provide these services.

Exhibit 10 provides a proposal dated January 10, 2016 from DaVita which outlines the services associated with the agreement, in part, as follows:

“Fee Schedule - Universal Pricing for Mission Hospital and CarePartners’ IRF

- a) Hemodialysis - 2:1 patient-to-staff ratio \$280 per treatment*
- b) Hemodialysis -1:1 patient-to-staff ratio \$375 per treatment*
- c) Apheresis \$600 per treatment*
- d) Intraoperative Hemodialysis \$500 per treatment*

Miscellaneous changes are also included in CarePartners’ service agreement with DaVita.

Availability of Funds

In Section VIII.3, page 72, the applicant states the entire capital cost of the project will be funded with accumulated reserves from Community CarePartners, Inc. In Exhibit 16, the applicant provides a May 16, 2016 letter from the Chief Financial Officer of Community CarePartners, Inc., documenting the availability of sufficient funds for the capital costs of the proposed project. Exhibit 17 contains the consolidated financial statements for Mission Health System, Inc., and affiliates which indicate that as of September 30, 2015, Mission Health System, Inc., and affiliates had \$97,479,000 in cash and cash equivalents, \$2,283,974,000 in total assets and \$1,429,843,000 in total net assets. The applicant adequately demonstrates that sufficient funds will be available for the capital needs of the project.

Financial Feasibility

The applicant projects revenues and expenses on page 88 and provides assumptions on page 89, Form B, as summarized below in the table:

CarePartners Rehabilitation Hospital Revenue and Expenses - Total Facility		
	OPERATING YEAR 1 FFY 2018	OPERATING YEAR 2 FFY 2019
Gross Patient Revenue	\$ 45,405,046	\$ 46,767,197
Deductions from Gross Patient Revenue	\$18,729,716	\$19,291,607
Net Patient Revenue	\$ 26,675,330	\$ 27,475,590
Operating Expenses	\$ 17,939,317	\$ 18,469,799
Net Profit	\$ 8,736,013	\$ 9,005,791

The applicant projects that revenues will exceed operating expenses in each of the first two operating years. The assumptions used in preparation of the pro formas, including the number of projected treatments are reasonable and adequately supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

In summary, the applicant adequately demonstrates the financial feasibility of the project is based on reasonable projections of revenues and operating costs. Therefore, the application is conforming to this criterion.

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

C

The applicant proposes to add two portable inpatient dialysis units, through a service agreement with DaVita. In Section III(a), page 14, the applicant states CarePartners is the only inpatient rehabilitation hospital in Buncombe County and western North Carolina.

The 2016 SMFP does not define a service area for inpatient dialysis services. The applicant defines its primary service area in Section III.5, page 39, as Buncombe, Henderson, Haywood and McDowell counties. Facilities may also serve residents of counties not included in their service area.

According to the 2016 SMFP, pages 49, 52-53, the following providers of acute care services are in the applicant's identified service area. The 2016 License Renewal Application for each of those providers indicates whether they provide acute inpatient dialysis services, as illustrated below.

County	Name of Hospital	Inpatient Dialysis	# of units / bays
Buncombe	Mission	Y	10 bays (includes 1 isolation room)
Henderson	Pardee Memorial	N	0
	Park Ridge Health	N	0
Haywood	Haywood Regional Medical Center	N	0
McDowell	The McDowell Hospital	N	0
Total acute inpatient dialysis rooms			10

As illustrated above, acute inpatient dialysis services are not provided in Henderson, Haywood or McDowell counties. Those counties comprise 10.9%, 6.7% and 5.2%, respectively, of the total patient population served at CarePartners.

On page 34, the applicant projects to provide a total of 847 dialysis treatments to 131 patients in need of both dialysis and rehabilitation services during each of its first three operating years. The applicant adequately demonstrates that projected utilization is based on growth of rehabilitation patients in need of dialysis services.

The applicant adequately demonstrates the need for two portable dialysis units through a service contract with DaVita HealthCare Partners, Inc. based on the specialized population it proposes to serve. The discussion of analysis of need found in Criterion (3) is incorporated herein by reference.

The applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved health service capabilities or facilities in Buncombe County. 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

CarePartners is an existing 80-bed rehabilitation hospital in Buncombe County. In Section VII.1, page 63, the applicant states that DaVita will provide all personnel and equipment necessary to operate the portable dialysis units. See Exhibit 7 for a copy of DaVita’s proposal.

On page 34, the applicant projects that one third of its dialysis patients will be stable enough for one staff to provide dialysis treatments to two patients at a time with the remaining two-thirds of the patients requiring one-to-one staff interaction per treatment. The applicant projects the following number of treatments based on staff ratio.

Staffing Ratio	Total Treatments x	% of Total =	Total Treatments by Acuity
2:1	845 x	33.3% =	282
1:1	845 x	66.7% =	565

Totals may not foot due to rounding

The applicant states on page 20, that CarePartners will provide supplies not directly related to dialysis service and will bill for services rendered.

In Section V.4, page 50, the applicant states Dr. Edgardo Diez currently services as the Medical Director for CarePartners Rehabilitation Hospital. Dr. Diez will continue to serve in that role.

The applicant documents the availability of adequate health manpower and management personnel, including the Medical Director, for the provision of the proposed dialysis services. Therefore, the application is conforming to this criterion.

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

C

The applicant is an existing rehabilitation hospital, however, CarePartners does not currently provide inpatient dialysis services. CarePartners is the only rehabilitation hospital in western North Carolina, as such, on page 21, the applicant states that all the necessary ancillary and support services are in place to support the proposed contracted services. Exhibit 8 contains a letter dated May 16, 2016 from the Chief Nursing Officer of CarePartners, which states:

“As an existing licensed rehabilitation hospital, CarPartners already has all the necessary ancillary and support service infrastructure Patients that receive inpatient dialysis may require the use of any ... existing ancillary and support services including laboratory, respiratory therapy, pharmacy, dietary, housekeeping, maintenance, and admiration among others.”

In Section II.1, pages 19-20, the applicant states that inpatient dialysis services will be provided through a contract with DaVita. On page 20, the applicant states that as an inpatient rehabilitation hospital, the facility is open 24 hours a day, seven days per week. DaVita, will provide two portable dialysis units, the necessary equipment to operate those units and personnel to provide inpatient dialysis services Monday – Saturday from 7:00 a.m. to 5:00 p.m. as needed. In its proposal, DaVita states on-call inpatient dialysis services will not be provided. See Exhibit 7 for a copy of DaVita’s proposal.

The applicant adequately demonstrates that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. The information in Section I and corresponding exhibits is reasonable and supports a finding of conformity 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.1, page 54, the applicant states:

“CarePartners provides access to care to all patients ... CarePartners does not discriminate based on age, race, national or ethnic origin, disability, sex, income, or ability to pay. Services are provided in compliance with:

1. *Title VI of Civil Rights Act of 1963*
2. *Section 504 of Rehabilitation Act of 1973*
3. *The Age Discrimination Act of 1975*
4. *Americans with Disabilities Act”*

In addition, on pages 55-59, the applicant discusses its financial policies to help the above named classification of persons. In Section VI.12, page 61, the applicant states that Medicare/Medicaid represented 76.6% of all services provided at CarePartners Rehabilitation Hospital in fiscal year 2015, as illustrated in the table below:

CAREPARTNERS 2015 PAYOR MIX	
SOURCE OF PAYMENT	PERCENTAGE
Self Pay/Indigent/Charity/Private Pay	1.0%
Medicare/ Medicare Managed Care	62.9%
Medicaid	13.7%
Commercial Insurance/Managed Care/Other	22.4%
Total	100.0%

The United States Census Bureau provides demographic data for North Carolina and all counties in North Carolina. The following table contains relevant demographic statistics for the applicant’s service area.

Percent of Population						
County	% 65+	% Female	% Racial & Ethnic Minority*	% Persons in Poverty**	% < Age 65 with a Disability	% < Age 65 without Health Insurance**
Buncombe	18%	52%	16%	14%	10%	20%
Henderson	25%	52%	16%	13%	11%	20%
Haywood	24%	52%	7%	15%	11%	19%
McDowell	19%	50%	12%	18%	18%	18%
Statewide	15%	51%	36%	17%	10%	15%

Source: <http://www.census.gov/quickfacts/table>, 2014 Estimate as of December 22, 2015.

*Excludes "White alone" who are "not Hispanic or Latino"

**"This geographic level of poverty and health estimates are not comparable to other geographic levels of these estimates. Some estimates presented here come from sample data, and thus have sampling errors that may render some apparent differences between geographies statistically indistinguishable... The vintage year (e.g., V2015) refers to the final year of the series (2010 thru 2015). Different vintage years of estimates are not comparable."

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, women or handicapped persons utilizing health services.

The applicant demonstrates that it currently provides adequate access to medically underserved populations. 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

In Section VI.11, page 60, the applicant states that it has no obligation to provide uncompensated care. The applicant also states there have been no civil rights access complaints filed within the last five years. Therefore, the application is conforming to this criterion.

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

C

In Section VI.2, page 54, the applicant states:

“CarePartners will provide services to all persons in need of medical care, including low income persons, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons, including the medically indigent.”

In Section VI.14(a) and Section VI.15(a), pages 61-62, the applicant states it does not anticipate a change in the payor mix from its historical payor mix as stated on page 61. The applicant provides its projected payor mix for the second full fiscal year (2019) of operations for the entire hospital and the proposed inpatient dialysis services, as illustrated below.

CAREPARTNERS REHABILITATION HOSPITALS PROJECTED PAYOR MIX OPERATING YEAR 2 (FFY 2019)		
	ENTIRE HOSPITAL	INPATIENT DIALYSIS SERVICES
SOURCE OF PAYMENT	PERCENTAGE	PERCENTAGE
Self Pay/Indigent/Charity/Private Pay	1.0%	1.0%
Medicare/ Medicare Managed Care	62.9%	62.9%
Medicaid	13.7%	13.7%
Commercial Insurance/Managed Care/Other	22.4%	22.4%
Total	100.0%	100.0%

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, page 59, the applicant describes the range of means by which patients will have access to the proposed inpatient dialysis services.

The applicant adequately demonstrates that it will offer a 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, page 47, the applicant states CarePartners has long-standing relationships with clinical training programs in its service area which include Appalachian State University, Asheville-Buncombe Technical Community College, South College and Berea College. The applicant states those relationships will not change with the addition of the proposed inpatient dialysis services.

Exhibit 11 contains a copy of the student training agreement with Appalachian State University and the agenda for a student internship through Berea College. The information provided in Section V and referenced exhibits is reasonable 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 applicant proposes to add two portable inpatient dialysis units, through a service agreement with DaVita.

The 2016 SMFP does not define a service area for inpatient dialysis services. The applicant defines its primary service area in Section III.5, page 39, as Buncombe, Henderson, Haywood and McDowell counties. Facilities may also serve residents of counties not included in their service area.

According to the 2016 SMFP, pages 49, 52-53, the following providers of acute care services are in the applicant’s identified service area. The 2016 License Renewal Application for each of those providers indicate whether they provide acute inpatient dialysis services, as illustrated below.

County	Name of Hospital	Inpatient Dialysis	# of units / bays
Buncombe	Mission	Y	10 bays (includes 1 isolation room)
Henderson	Pardee Memorial	N	0
	Park Ridge Health	N	0
Haywood	Haywood Regional Medical Center	N	0
McDowell	The McDowell Hospital	N	0
Total acute inpatient dialysis rooms			10

As illustrated above, acute inpatient dialysis services are not provided in Henderson, Haywood or McDowell counties. Those counties comprise 10.9%, 6.7% and 5.2%, respectively, of the total patient population served at CarePartners.

However, Mission Hospital does offer acute inpatient dialysis services. On page 13, the applicant states that Mission Hospital provides dialysis services to roughly 20 patients per day. On page 32, the applicant reports that in 2015 Mission Hospital discharged a total of 67 patients that required dialysis services. CarePartners Rehabilitation Hospitals is the only rehabilitation hospital in western North Carolina.

In Section V.7, page 51-52, the applicant discusses how any enhanced competition in the service area will promote cost-effectiveness, quality and access to the proposed services. The applicant states:

“The proposed project will provide access to inpatient dialysis services within an inpatient rehabilitation hospital for the first time in western North Carolina. This ... will alleviate the need for delayed inpatient rehab admission or alternative admissions to skilled nursing facilities for ESRD patients with inpatient rehab needs. ...

The project will also obviate the need for ESRD inpatients at CarePartners ... to endure lengthy transports to outpatient dialysis centers for four-hour dialysis treatments following a morning of rigorous rehabilitative therapy, thereby positively contributing to the recovery process and improving quality and outcomes.

[T]he proposed project represents a cost effective alternative for providing access to inpatient dialysis services in an inpatient rehabilitation hospital. ... The project will also improve staffing and cost efficiencies by eliminating the need to transport patients to outpatient dialysis centers three days per week with attending staff.

These improvements in access, quality, and cost effectiveness will promote competition by enhancing CarePartners’ ability to most effectively meet the healthcare needs of inpatient rehabilitation patients in western North Carolina.”

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

The information provided by the applicant in the sections referenced above is reasonable 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 analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates that CarePartners Rehabilitation Hospital will provide quality dialysis services. The discussions regarding quality found in Criteria (1) and (20) are incorporated herein by reference.
- The applicant demonstrates that CarePartners Rehabilitation Hospital will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (1), (3) and (13) are 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.

In Section I, pages 10-12, the applicant states that in addition to CarePartners Rehabilitation Hospital it currently owns, leases, or manages 17 home health, hospice and palliative care facilities in North Carolina. On page 26, the applicant states, "*CarePartners Medicare/Medicaid provider agreement has never been terminated.*" According to the files in the Acute Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding the submittal of the application through the date of the decision no facilities were found to be out of compliance with one or more Medicare conditions of participation. At this time, all facilities are in compliance with all Medicare conditions of participation. After reviewing and considering information provided by the applicant and by the Acute Care Licensure and Certification Section and considering the quality of care provided at all facilities, the applicant provided sufficient evidence that quality care has been provided in the past. 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.

NA