

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: October 17, 2016

Findings Date: October 17, 2016

Project Analyst: Mike McKillip

Team Leader: Lisa Pittman

Project ID #: G-11211-16

Facility: Novant Health Rehabilitation Hospital of Winston-Salem

FID #: 160338

County: Forsyth

Applicant: Novant Health Rehabilitation Hospital of Winston-Salem, LLC

Project: Relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem

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.

C

The applicant, Novant Health Rehabilitation Hospital of Winston-Salem, LLC [NHRHWS] proposes to relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center (NHFMC) to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem (Forsyth County). NHRHWS is a joint venture between NHFMC and HealthSouth Winston-Salem Holdings, LLC (HealthSouth). There are no need determinations in the 2016 State Medical Facilities Plan (SMFP) applicable to this review.

Policies

There is one policy in the 2016 SMFP which is applicable to this review: Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.

Policy GEN-4 states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

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

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

The proposed capital expenditure for this project is greater than \$5 million. In Section III.2, pages 78-79, the applicant states, “NHRHWS will develop a plan covering energy efficiency and water conservation comparable to the existing ones in place at HealthSouth and Novant Health.” Exhibit 17 of the application contains a copy of Novant Health’s “Sustainable Energy Management Plan” for 2016, which the applicant states will include the proposed facility. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4 and conforming to this criterion.

Conclusion

In summary, the applicant adequately demonstrates that the proposal is consistent with Policy GEN-4. Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, NHRHWS, proposes to relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center (NHFMC) to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem. In Section I.9, page 3, the applicant states that NHRHWS is a joint venture limited liability company with 50% of the membership interests owned by NHFMC and 50% of the membership interests owned by HealthSouth Winston-Salem Holdings, LLC (HealthSouth). In Section II.1, pages 8-10, the applicant describes the project as follows:

“NHRHWS will building a freestanding, one-story rehabilitation hospital to replace the current 68-bed inpatient rehabilitation unit at Novant Health Forsyth Medical Center (NHFMC), known as Novant Health Rehabilitation Center (NHRC). The new facility will be a separately licensed, freestanding inpatient rehabilitation hospital and will be located on Stratford Road between Somerset Drive and Hillcrest Center Drive, less than 3 miles from the NHFMC....

Novant Health Rehabilitation Center (NHRC) is licensed for a 68-bed unit within NHFMC. The unit has been operational since the early 1970s. Due to design constraints inherent in a building that is more than forty years old, NHRC operates only 39 of the 68 licensed beds. The rooms were originally designed as semiprivate and do not provide the space needed for the rehabilitation treatment protocols available today....

There will be no new or additional inpatient rehabilitation beds developed as part of the project. The existing 68 inpatient rehabilitation beds at NHRC will be relocated to NHRHWS upon completion of the new facility.”

Patient Origin

The 2016 SMFP defines the service area for inpatient rehabilitation beds as the Health Service Area (HSA) in which the bed is located. Therefore, the applicant’s service area is HSA II, which includes Alamance, Caswell, Guilford, Randolph, Rockingham, Davidson, Davie, Forsyth, Stokes, Surry, and Yadkin counties. The applicant may also serve residents of counties not included in its service area.

In Sections III.4 and III.5, page 82, and Exhibit 10, the applicant provides the historical (CY2015 and YTD 2016) patient origin for inpatient rehabilitation patients at NHFMC and the projected patient origin for inpatient rehabilitation patients at the proposed NHRHWS facility for the first two project years, as summarized in the table below.

Historical NHFMC and Projected NHRWS Inpatient Rehabilitation Patient Origin

County	NHFMC		NHRHWS	
	CY2015	YTD 2016	Project Year 1 CY2019	Project Year 2 CY2020
Forsyth	51.5%	53.8%	48.6%	48.0%
Davidson	7.7%	6.9%	9.7%	9.8%
Surry	7.8%	6.5%	8.6%	8.4%
Stokes	6.8%	5.7%	6.0%	5.8%
Yadkin	4.5%	4.0%	4.7%	4.6%
Davie	3.6%	6.1%	4.5%	4.4%
Other	18.2%	17.0%	18.0%	19.0%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: Tables on page 82 of the application.

In Section III.5, page 83, the applicant describes its assumptions with regard to projecting patient origin for inpatient rehabilitation services for NHRHWS. The applicant's projected patient origin for the proposed facility is consistent with the historical patient origin for inpatient rehabilitation services provided at NHFMC based on the patient origin data reported by the applicant in Exhibit 10 of the application. The applicant adequately identified the population proposed to be served.

Analysis of Need

In Section III.1(a) and (b) of the application, the applicant describes the factors which it states support the need for the proposed project, including:

- The design and space constraints of the existing Novant Health Rehabilitation Center (NHRC), which is currently located on three different floors of NHFMC (pages 44-47).
- The historical utilization of the inpatient rehabilitation beds at NHFMC (pages 47-48).
- The lower-than-expected acute care conversion rate to inpatient rehabilitation services for Medicare discharges from NHFMC, which indicates an unmet need for inpatient rehabilitation services (pages 48-50).
- The historical underutilization of inpatient rehabilitation services by Medicare patients in the service area in comparison to utilization rates for other states and nationally (pages 50-53).
- The projected growth in the service area population age 65 and older, who are the highest utilizers of inpatient rehabilitation services (pages 53-54).
- The lower-than-expected rate of admissions of Medicare stroke patients to inpatient rehabilitation facilities when compared other states served by HealthSouth (pages 54-58).
- The evidence that inpatient rehabilitation facilities have better patient outcomes than rehabilitation services provided in skilled nursing facilities (pages 58-61).

The information provided by the applicant in the pages referenced above is reasonable and adequately supported.

Projected Utilization

In Section IV.1, page 85, the applicant provides projected utilization for the proposed 68-bed inpatient rehabilitation facility through the first five years of operation following completion of the project (CY2019-CY2023), which is summarized below.

**Novant Health Rehabilitation Hospital Winston-Salem
 Projected Utilization, CY2019-CY2023**

	PY 1 CY2019	PY 2 CY2020	PY 3 CY2021	PY 4 CY2022	PY 5 CY2023
Total Discharges	1,073	1,241	1,361	1,486	1,547
Average Length of Stay	13.9	12.9	12.9	12.9	12.9
Patient Days of Care	14,915	16,009	17,557	19,165	19,951
Average Daily Census	40.9	43.9	48.1	52.5	54.7
Number of Beds	68	68	68	68	68
Average Occupancy Rate	60.1%	64.5%	70.7%	77.2%	80.4%

As shown in the table above, the applicant projects the proposed 68 inpatient rehabilitation facility will operate at an average annual occupancy rate of 70.7% by the third operating year (CY2021), and at an average annual occupancy rate of 80.4% by the fifth operating year (CY2023).

In Section III.1(b), pages 62-77, the applicant describes its assumptions and methodology, in nine steps, for projecting utilization of the proposed inpatient rehabilitation facility, as summarized below.

Step 1: Project the Medicare Population in the Service Area

Based on the historical patient origin for the inpatient rehabilitation services at NHFMC, the applicant defines its six-county service area as Davidson, Davie, Forsyth, Stokes, Surry and Yadkin counties. The applicant states Medicare is the predominant payor for inpatient rehabilitation services, and CMS regulations define the admission criteria which are utilized for most inpatient rehabilitation patients. Therefore, the applicant projected the Medicare population in its proposed six-county service area for the period CY2019 to CY2023, which is shown in a table on page 64 of the application.

Step 2: Determine Medicare Inpatient Rehabilitation Use Rates

On page 65, applicant provides the following table showing the historical (CY2012-CY2015) inpatient rehabilitation use rates for Medicare beneficiaries for its proposed service area, which is shown below:

**Historical Inpatient Rehabilitation Use Rates
 Six County Service Area Medicare Population**

	CY 2013	CY 2014	CY 2015	3 Yr Avg
Traditional Medicare Rehab Discharges				
6 County Medicare Traditional Population	70,284	63,212	68,287	
6 Counties Medicare Traditional Rehab Discharges	456	350	344	
6 County Medicare Traditional Inpatient Rehab Use Rate/1,000	6.49	5.54	5.04	5.69
Medicare Advantage Rehab Discharges				
6 County Medicare Advantage Population	61,415	72,428	71,198	
6 Counties Medicare Advantage Rehab Discharges	326	315	295	
6 County Medicare Advantage Inpatient Rehab Use Rate/1,000	5.31	4.35	4.14	4.60

Source: Exhibit 10, Table 3

On pages 66-67, the applicant states,

“Having a dedicated, experienced inpatient rehabilitation provider in the community benefits all aspects of the healthcare delivery system. HealthSouth has the experience and expertise to work with physicians, staff, insurers, and facilities to appropriately maximize utilization of inpatient rehabilitation services. This is reflected in the [tables on page 66 of the application], which illustrates that states with dedicated HealthSouth facilities have much higher inpatient rehabilitation use rates per 1,000 Medicare population. HealthSouth will manage NHRHWS. HealthSouth and NHFMC will also sign an interim management agreement for NHRC, so that HealthSouth’s deep expertise can be employed now. As a result, NHRHWS reasonably projects that inpatient rehabilitation use rates for Traditional Medicare patients will increase over the next seven years approaching the national use rate of 10.8 discharges per thousand as shown in the following table.

Projected Inpatient Rehabilitation Use Rates for Six County Service Area

	PY 1 CY 2019	PY 2 CY 2020	PY 3 CY 2021	PY 4 CY 2022	PY 5 CY 2023
Six County Traditional Medicare Population Rehab Discharges /1,000					
Projected Use Rate – Traditional Medicare 3 Year Average Historical 6 County Rehab Use Rate Increasing to Average TN VA SC Medicare Rehab Use Rate	8.20	9.10	10.00	10.00	10.00
Six County Medicare Advantage Population Rehab Discharges /1,000					
Projected Use Rate – Medicare Advantage 3 Year Average Historical 6 County Rehab Use Rate Increasing to 70% of Projected Traditional Medicare Rehab Use Rate	5.00	6.00	6.50	7.00	7.00

Source: Exhibit 10, Table 1

As shown in the previous table, inpatient rehabilitation use rates are projected to increase substantially through 2023. The target use rate of 10.0 discharges per 1,000 population for the Traditional Medicare population approaches the national rate of

10.9 discharges per 1,000. The Medicare Advantage inpatient utilization rate is projected to increase to 7.0 discharges per 1,000 population. This represents 70% of the utilization by the Traditional Medicare population.”

Step 3: Calculate Total Medicare Discharges in Six County Service Area

Based on the projected Medicare population and projected inpatient rehabilitation use rates, the applicant projects the total Medicare inpatient rehabilitation discharges per year for the proposed six-county service area, as shown in the following table from page 69 of the application:

***Novant Health Rehabilitation Hospital of Winston-Salem
 Projected Medicare Discharges in Six County Service Area***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>Six County Traditional Medicare Population Rehab Discharges</i>					
<i>Projected 6 County Traditional Medicare Population</i>	71,621	73,469	75,367	77,317	79,320
<i>Projected Traditional Medicare Use Rate</i>	8.20	9.10	10.00	10.00	10.00
<i>Projected Total 6 County Traditional Medicare Inpatient Rehab Discharges</i>	587	669	754	773	793
<i>Six County Medicare Advantage Population Rehab Discharges</i>					
<i>Projected 6 County Medicare Advantage Population</i>	81,685	83,818	86,009	88,261	90,575
<i>Projected Medicare Advantage Use Rate</i>	5.00	6.00	6.50	7.00	7.00
<i>Projected Total 6 County Medicare Advantage Inpatient Rehab Discharges</i>	408	503	559	618	634
<i>Six County Total Medicare Population Projected Rehab Discharges</i>					
<i>Estimated Total Medicare Discharges in Six County Service Area</i>	996	1,171	1,313	1,391	1,427

Source: Exhibit 10, Table 1

Step 4: Determine NHRHWS Market Share and Market Share Growth

On page 70, the applicant provides a table showing NHRC’s market share for inpatient rehabilitation services within its six-county service area was 56.9% in CY2015. The applicant states:

“NHRHWS projects growth in its market share during the next several years through the fifth year of operation as follows.

***Projected Novant Health Rehabilitation Hospital of Winston-Salem
 Inpatient Rehabilitation Market Share Six County Service Area***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>Projected NHRHWS Market Share</i>	61.9%	64.4%	66.4%	68.4%	69.4%

Source: Exhibit 10, Table 1

Total market share growth is projected to increase from 56.9% to 69.4%, an increase of 12.5% [percentage points] through the fifth year of operation of the facility. This market share growth takes into consideration the impact of partnering with HealthSouth in a Service Area with a need for additional inpatient rehabilitation beds....

As discussed previously, current utilization of inpatient rehabilitation services in the Service Area is dramatically less than state, regional, and national utilization. HealthSouth is a leader in inpatient rehabilitation services regionally and nationally and brings marketing tools, operational tools, and quality tools not currently available in the Service Area. This expertise alone will have a substantial impact on increasing utilization of inpatient rehabilitation services in the Service Area.”

Step 5: Calculate NHRHWS Medicare Discharges from the Six County Service Area

On page 72, the applicant provides a table showing the projected NHRHWS Medicare inpatient rehabilitation discharges from the six-county service area based on the applicant’s market share projections and its projections of Medicare inpatient rehabilitation discharges by year, which is shown below.

***Projected Novant Health Rehabilitation Hospital of Winston-Salem
 Medicare Inpatient Rehabilitation Discharges from Six County Service Area***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>Estimated Total Medicare Discharges from Six County Service Area</i>	996	1,171	1,313	1,391	1,427
<i>Projected NHRHWS Market Share</i>	61.9%	64.4%	66.4%	68.4%	69.4%
<i>Projected NHRHWS Medicare Discharges</i>	616	754	871	951	990

Source: Exhibit 10, Table 1

Step 6: Estimate the Percent of Non-Medicare Discharges

On page 72, the applicant states NHRC’s historical experience has been that 25 to 30 percent of its inpatient rehabilitation patients are non-Medicare patients, and that HealthSouth’s historical experience has been that 20 percent of its inpatient rehabilitation patients are non-Medicare patients. Therefore, the applicant projects that the percentage of non-Medicare patients served at the proposed inpatient rehabilitation facility will decrease from 30 percent in the first year of operation to 20 percent by the third year of operation, as shown in the following table from page 73 of the application:

***Projected Novant Health Rehabilitation Hospital of Winston-Salem
 Total Inpatient Rehabilitation Discharges from Six County Service Area***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>Projected NHRHWS Medicare Discharges from 6-County Service Area</i>	616	754	871	951	990
<i>Projected NHRHWS Non-Medicare Discharges NHRHWS 6-County Service Area</i>	264	251	218	238	247
<i>Percent NHRHWS Non-Medicare Discharges from the 6-County Service Area</i>	30.0%	25.0%	20.0%	20.0%	20.0%
<i>Projected Total NHRHWS Patients (Medicare plus Non-Medicare) Discharges from 6-County Service Area</i>	880	1,005	1,089	1,189	1,237

Source: Exhibit 10, Table 1

Step 7: Estimate In-Migration from Other Counties and States

On page 73, the applicant states NHRC’s historical experience has been that more than 17 percent of its inpatient rehabilitation patients originate from counties and states outside its six-county services area. Also, the applicant states that HealthSouth’s historical experience has been that 20 percent of its inpatient rehabilitation patients originate outside of its defined service area. Therefore, the applicant projects that the percentage of patients originating from outside its six-county service area will increase from 18 percent in the first year of operation to 20 percent by the third year of operation, as shown in the following table from page 74 of the application:

***Projected Novant Health Rehabilitation Hospital of Winston-Salem
 Total Inpatient Rehabilitation Discharges***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>NHRHWS Patients/Discharges from 6-County Service Area</i>	880	1,005	1,089	1,189	1,237
<i>Percent of Patients/Discharges from Outside of the 6-County Service Area</i>	18.0%	19.0%	20.0%	20.0%	20.0%
<i>Number of Patients/Discharges from Outside the 6-County Service Area</i>	193	236	272	297	309
<i>Projected Total NHRHWS Rehab Discharges</i>	1,073	1,241	1,361	1,486	1,547

Source: Exhibit 10, Table 1

Step 8: Determine the Average Length of Stay

On page 74, the applicant states NHRC’s historical average length of stay (ALOS) has averaged 16.5 days. However, the applicant states that HealthSouth’s historical ALOS has been 12.9 days. Therefore, the applicant projects that its ALOS for inpatient rehabilitation patients will decrease to 12.9 in the proposed inpatient rehabilitation facility.

Step 9: Calculate the Total Inpatient Rehabilitation Bed Need

Based on the applicant’s projection of total inpatient rehabilitation discharges by year, and its ALOS assumptions, the applicant provide a table showing the projected need for inpatient rehabilitation beds based on a target utilization rate of 80 percent. On page 75, the applicant states,

“Using total discharges projected in Step 7 and ALOS projected in Step 8, NHRHWS calculated projected patient days and total inpatient rehabilitation beds need in the following table.

***Projected Novant Health Rehabilitation Hospital of Winston-Salem
 Total Inpatient Rehabilitation Patient Days and Bed Need***

	<i>PY 1 CY 2019</i>	<i>PY 2 CY 2020</i>	<i>PY 3 CY 2021</i>	<i>PY 4 CY 2022</i>	<i>PY 5 CY 2023</i>
<i>Projected Total Patients/Discharges</i>	<i>1,073</i>	<i>1,241</i>	<i>1,361</i>	<i>1,486</i>	<i>1,547</i>
<i>ALOS – Current Decreasing to HS Average</i>	<i>13.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>	<i>12.9</i>
<i>Projected NHRHWS Inpatient Rehabilitation Patient Days</i>	<i>14,915</i>	<i>16,009</i>	<i>17,557</i>	<i>19,165</i>	<i>19,951</i>
<i>Estimated ADC</i>	<i>40.9</i>	<i>43.9</i>	<i>48.1</i>	<i>52.5</i>	<i>54.7</i>
<i>Target Utilization</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>
<i>Projected Beds Needed</i>	<i>51</i>	<i>55</i>	<i>60</i>	<i>66</i>	<i>68</i>
<i>Current Licensed Bed Capacity</i>	<i>68</i>	<i>68</i>	<i>68</i>	<i>68</i>	<i>68</i>

Source: Exhibit 10, Table 1

Total projected inpatient rehabilitation days approaches 20,000 patient days by the fifth year of operation of the new hospital. This represents an average daily census of 40.9 patients per day in year one, increasing to 54.7 patients per day in year five. Using the 80% target utilization rate included in the 2016 State Medical Facilities Plan results in a need for 68 inpatient rehabilitation beds in the fifth year of operation.”

As discussed above, the applicant projects inpatient rehabilitation discharges at the proposed facility based on the historical and projected inpatient rehabilitation use rates, Medicare population projections for the six-county service area, and the historical and projected inpatient rehabilitation market share for NHRC. Specifically, the applicant assumes that the inpatient rehabilitation use rates will increase from 5.69 discharges per 1,000 population to 10 discharges per 1,000 population for the proposed service area over the first five operating years of the project, which the applicant states is closer to the national average for Medicare patients. The applicant calculates NHRC’s 2015 inpatient rehabilitation market share as 56.9 percent, and then assumes that its market share will increase each year until it reaches 69.4 percent in CY2023. Also, the applicant assumes that its historical ALOS of 16.5 days will decrease to 12.9 days, which is consistent with the experience of HealthSouth, who will manage the proposed facility. Also, the applicant assumes that the percentage of non-Medicare patients and the percentage of patient originating outside the six-county service area will also be consistent with the historical experience of HealthSouth. Exhibit 28 contains letters from physicians expressing support for the proposed project. Projected utilization of the proposed 68-bed inpatient rehabilitation facility is based on reasonable and adequately supported

assumptions. Therefore, the applicant adequately demonstrated the need to relocate the 68 existing inpatient rehabilitation beds from NHRC to the proposed inpatient rehabilitation facility.

Access

In Section VI.2, pages 98-100, the applicant states its commitment to provide services to all patients who need the services regardless of their ability to pay, racial/ethnic origin, age, gender, physical or mental conditions or other conditions that would classify them as underserved. In Section VI.12, page 107, the applicant projects that at least 54 percent of inpatient rehabilitation patient days will be provided to Medicare and/or Medicaid recipients at the proposed facility. The applicant adequately demonstrates the extent to which all residents, including underserved groups, will have access to the proposed services.

Conclusion

In summary, the applicant adequately identified the population to be served, demonstrated the need the population has for the project and adequately demonstrated the extent to which all residents, including underserved groups, will 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.

C

The applicant, NHRHWS, proposes to relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center (NHFMC) to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem. In Section III.6, page 83, the applicant states,

“As discussed in Section III.3(a), based on current patient volumes, projected utilization, and the functional limitations and inadequacies of the existing physical spaces for rehabilitation services, it is necessary to provide an environment that will remedy these deficiencies. NHRC was opened in the early 1970s as a licensed 68-bed unit with Forsyth Medical Center. Due to design limitations and inadequacies, NHRC is able to operate only 39 of the 68 licensed beds in private rooms. There is no opportunity to expand on the existing campus.

The proposed location is less than three miles from the current facility and remains in Forsyth County. While it is moving, it is not relocating to a different service area. The population currently served by NHRC will be the population served by NHRHWS.”

In Section III.6(d), page 84, the applicant states,

“The location of the NHRHWS will be within three miles of the existing NHFMC campus. There will be no disruption of services to the patient. ... As reflected in payor mix projections included in Section VI of this Application, the payor mix will shift towards more Medicare; however, this is a result of the projected overall increase in the Medicare use rate. AS a result, the patient mix currently receiving care at NHRC will continue to receive care at the new facility. ... As explained in Section VI, the project will also serve medically underserved populations. Therefore, the proposed project will have a positive impact on the patients served in terms of available services, costs to the patient, and access by medically underserved populations.”

In Section VI.12, page 107, the applicant projects the following payor mix for inpatient rehabilitation services at NHRHWS in the second operating year (CY2020) of the project.

Payer Category	Patient Days as Percent of Total Patient Days
Self Pay/Indigent/Charity	2.0%
Medicare	50.0%
Medicaid	4.0%
Managed Care / Medicare Managed Care	42.0%
Other (worker’s compensation)	2.0%
Total	100.0%

As shown in the table above, the applicant projects that 54 percent of its inpatient rehabilitation patient days will be for patients who will have some or all of their care paid for by Medicare or Medicaid. The applicant adequately demonstrates that the relocation of the 68 inpatient rehabilitation beds from NHFMC to the proposed inpatient rehabilitation facility will not have a negative effect 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.

In summary, the applicant adequately demonstrate that the needs of the population presently served by NHFMC will be adequately met following the proposed relocation of the 68 inpatient rehabilitation beds from NHFMC to NHRHWS. Therefore, the application is conforming to this criterion.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

In Section III.3, pages 79-82, the applicant describes the alternatives considered prior to submitting this application for the proposed project, which include:

- Maintain the Status Quo – The applicant states that maintaining the status quo is not an effective alternative because the existing facility is inadequate to meet the current and projected need for inpatient rehabilitation services.
- Expand Services at the NHRC – The applicant states that renovating and expanding the existing space at the NHRC is not an effective alternative because the existing space is undersized for the needs of the program and there are no additional spaces within NHFMC in which to expand.
- Develop a New Facility in Another Location – The applicant states that developing a new facility in another location is not an effective alternative because a location further away from the existing site would make it difficult to continue to serve the population currently served by NHRC.

After considering those alternatives, the applicant states the alternative represented in the application is the most effective alternative to meet the identified need.

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 the 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. Novant Health Rehabilitation Hospital of Winston-Salem, LLC shall materially comply with all representations made in the certificate of need application.**
 - 2. Novant Health Rehabilitation Hospital of Winston-Salem, LLC shall develop a new inpatient rehabilitation hospital with no more than 68 inpatient rehabilitation beds.**
 - 3. Novant Health Rehabilitation Hospital of Winston-Salem, LLC shall de-license 68 inpatient rehabilitation beds at Novant Health Forsyth Medical Center following completion of this project.**
 - 4. Novant Health Rehabilitation Hospital of Winston-Salem, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditures in Section VIII of the application and that would otherwise require a certificate of need.**
 - 5. Novant Health Rehabilitation Hospital of Winston-Salem, LLC 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

The applicant, NHRHWS, proposes to develop a new inpatient rehabilitation facility with 68 beds in Winston-Salem by relocating 68 inpatient rehabilitation beds from NHFMC.

Capital and Working Capital Costs

In Section VIII.1, page 122, the applicant states the total capital cost is projected to be as follows:

NHRHWS Project Capital Cost

Site Costs	\$3,188,500
Construction Costs	\$17,572,447
Miscellaneous Project Costs	\$7,572,029
TOTAL CAPITAL COST	\$28,332,976

Source: Table on page 122 of the application.

In Section IX.1, page 128, the applicant states there will be \$540,000 in start-up expenses and \$1,149,473 in initial operating expenses, for a total \$1,689,473 in working capital required for the project.

Availability of Funds

In Section VIII.2, page 124, the applicant states that \$27,832,976 of the total project capital costs will be funded by a loan from HealthSouth. The applicant states that remaining \$500,000 in capital costs, which is designated for “Cash Contribution for CON Expenses,” will be financed by cash contributions of \$250,000 from Novant Health, Inc. and \$250,000 from HealthSouth. In Section IX.2, page 128, the applicant states that the working capital costs will be funded by a loan from HealthSouth. In Exhibit 27, the applicant provides a letter dated July 15, 2016, from the Senior Vice President and Treasurer for HealthSouth documenting its intention to fund \$27,832,976 in project capital costs, \$1,689,473 in working capital costs, and \$250,000 for the “Cash Contribution for CON Expenses.” Exhibit 27 also contains a letter dated July 15, 2016, from the Senior Vice President, Financial Planning and Analysis for Novant Health, Inc., documenting its intention to fund \$250,000 in capital costs for “Cash Contribution for CON Expenses.” Exhibit 27 also contains a copy of the HealthSouth Corporation Form 10-K for 2015 that indicate it had \$61.6 million in cash and cash equivalents, \$599 million in current assets, and \$779 million in total net assets, as of December 31, 2015. The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

In the pro forma financial statements for NHRHWS (Form B), the applicant projects that revenues will exceed operating expenses in the second and third operating years of the project, as shown in the table below.

Projected NHRHWS Revenue and Expenses

	PY1 2019	PY2 2020	PY3 2021
Total Net Revenue	\$17,155,366	\$20,604,708	\$22,983,225
Total Operating Expenses	\$17,799,289	\$17,234,831	\$18,478,247
Net Income (Loss)	(\$643,923)	\$3,369,877	\$4,504,978

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions used regarding costs and charges. The discussion regarding utilization projections found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

In summary, the applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project. Furthermore, the applicant adequately demonstrates 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 applicant, NHRHWS, proposes to relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center (NHFMC) to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem.

The 2016 SMFP defines the service area for inpatient rehabilitation beds as the Health Service Area (HSA) in which the bed is located. Therefore, the applicant’s service area is HSA II, which includes Alamance, Caswell, Guilford, Randolph, Rockingham, Davidson, Davie, Forsyth, Stokes, Surry, and Yadkin counties. The applicant may also serve residents of counties not included in its service area.

The following table identifies the existing and approved inpatient rehabilitation beds located in HSA II, and the average annual utilization rate for each provider. Utilization rates for FY2015 are from Table 8A of the Proposed 2017 SMFP.

Inventory and Utilization of Inpatient Rehabilitation Beds for HSA II

Facility	Total Bed Inventory	FY2015 Average Annual Utilization Rate
Cone Health	49	58.7%
High Point Regional Health	16	77.7%
Hugh Chatham Memorial Hospital	12	0.0%
North Carolina Baptist Hospital	39	66.8%
Novant Health Rehabilitation Center	68	48.0%
Totals	184	54.3%

Source: Proposed 2017 SMFP, Table 8A.

As shown in the table above, there are currently five providers of inpatient rehabilitation services in HSA II. In Section III.6, page 84, the applicant states,

“This project will expand access to inpatient rehabilitation services in HSA II. Inpatient rehabilitation provided by a HealthSouth managed facility will not only be high quality, but also very efficient and cost effective, as it will lower ALOS. As explained in Section VI, the project will also serve medically underserved populations. Therefore, the proposed project will have a positive impact on the patients served in terms of available services, costs to the patient, and access by medically underserved populations.”

NHRHWS proposes to develop a new inpatient rehabilitation facility by relocating 68 existing inpatient rehabilitation beds from NHRC to a new facility in Winston-Salem. Therefore, the applicant does not propose to increase the inventory of inpatient rehabilitation beds in the service area. The applicant adequately demonstrates the need to relocate the 68 existing inpatient rehabilitation beds from NHRC to the proposed inpatient rehabilitation facility, and adequately demonstrates that the projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved inpatient rehabilitation beds in HSA II. Therefore, the application is conforming to this criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

In Section VII.2, page 110, the applicant provides the proposed staffing for the facility in operating year 2 (CY2020), as shown in the table below.

Position	Number of Full-Time Equivalent (FTE) Positions
Occupational Therapists	10.98
Physical Therapists	5.00
PT Assistants	3.00
PT Aides	2.98
Rehabilitation Nurses	10.84
Respiratory Therapists	2.80
Social Workers (case managers)	5.27
Speech Therapists	4.39
Registered Nurses	14.96
Licensed Practical Nurses	11.08
Nursing Assistants/Aides/Orderlies	18.15
Clerical Support/Unit Secretaries	2.10
Medical Records	2.63
Pharmacy	3.95
Dietary	8.46
Housekeeping & Laundry	8.34
Engineering/Maintenance	2.20
Material Management	1.10
Administration	6.00
Finance/Business Office	1.00
Infection Control/Wounds	1.50
Quality/PPS	2.50
Admissions/Liaison	7.52
Education	1.10
Switchboard	2.20
Human Resources	1.25
Admitting/registration	2.00
Nursing Administration	5.50
TOTAL	148.80

Source: Table VII.2, page 110.

In Section VII.3, pages 112-114, the applicant describes its experience and process for recruiting and retaining staff. Exhibit 26 contains a copy of a letter from James McLean, M.D., expressing his interest in serving as the Medical Director for the facility. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

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

In Sections II.3 and II.4, pages 18-21, the applicant describes the manner in which it will provide the necessary ancillary and support services. Exhibit 19 of the application contains a list of transfer agreements between the applicant and area healthcare providers. Exhibits 26 and 28 of the application contain copies of letters from area physicians expressing support for the proposed project. The applicant adequately demonstrates 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.

C

The applicant proposes to relocate 68 inpatient rehabilitation beds from NHFMC to a new 68,485 square foot facility to be constructed at the intersection of Stratford Road, Somerset Drive and Hillcrest Center Drive in Winston-Salem. Exhibit 24 contains a certified cost estimate from an architect that estimates construction costs that are consistent with the project capital cost projections provided by the applicant in Section VIII.1, page 122 of the application.

In Section IX.5, page 135, and Exhibit 17, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section VI.11, page 107, the applicant states, “*As a new facility, NHRHWS does not have prior financial data to report.*” However, NHFMC currently provides inpatient rehabilitation services. NHFMC reported the following payor mix percentages for inpatient services for FY2015.

Payor Category	Inpatient Days of Care as Percent of Total
Self Pay/Indigent/Charity	3.3%
Commercial Insurance	0.3%
Medicare/Medicare Managed Care	57.0%
Medicaid	17.8%
Managed Care	20.2%
Other	1.4%
Total	100.0%

Source: NHFMC’s 2016 Hospital License Renewal Application.

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 service area, HSA II, and statewide.

Percent of Population						
County	% 65+	% Female	% Racial & Ethnic Minority*	% Persons in Poverty**	% < Age 65 with a Disability	% < Age 65 without Health Insurance**
Alamance	16%	52%	34%	18%	10%	20%
Caswell	20%	49%	39%	20%	15%	17%
Guilford	14%	53%	48%	17%	7%	18%
Randolph	16%	51%	20%	17%	10%	21%
Rockingham	18%	52%	27%	19%	14%	18%
Davidson	17%	51%	19%	17%	12%	18%
Davie	19%	51%	15%	14%	9%	18%
Forsyth	14%	53%	42%	20%	7%	17%
Stokes	19%	51%	9%	14%	11%	17%
Surry	19%	51%	16%	19%	13%	20%
Yadkin	18%	50%	15%	17%	11%	20%
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

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 106, the applicant states,

"NHRHWS will not have an obligation to provide uncompensated care. However, as discussed above, NHRHWS will use the Novant Health set of charity care and related policies which are included in Exhibit 23."

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, page 107, the applicant project the following payor mix for inpatient rehabilitation services at NHRHWS in the second operating year (CY2020) of the project.

Payer Category	Patient Days as Percent of Total Patient Days
Self Pay/Indigent/Charity	2.0%
Medicare	50.0%
Medicaid	4.0%
Managed Care / Medicare Managed Care*	42.0%
Other (worker's compensation)	2.0%
Total	100.0%

*On page 107, the applicant states, "HealthSouth included Medicare Managed Care with Managed Care as reimbursement rates for Medicare Managed Care are more comparable to Managed Care than to Traditional Medicare reimbursement."

The applicant demonstrated 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.8, page 105, the applicant describes the range of means by which a person will have access to NHRHWS's inpatient rehabilitation services. The applicant adequately demonstrates that the facility 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 89, the applicant states that Novant Health and HealthSouth have extensive relationships with health professional training programs. Exhibit 6 contains a list of

educational institutions with which Novant Health and HealthSouth have training arrangements. 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 applicant, NHRHWS, proposes to relocate 68 inpatient rehabilitation beds from Novant Health Forsyth Medical Center (NHFMC) to a new, separately licensed inpatient rehabilitation hospital to be developed in Winston-Salem.

The 2016 SMFP defines the service area for inpatient rehabilitation beds as the Health Service Area (HSA) in which the bed is located. Therefore, the applicant’s service area is HSA II, which includes Alamance, Caswell, Guilford, Randolph, Rockingham, Davidson, Davie, Forsyth, Stokes, Surry, and Yadkin counties. The applicant may also serve residents of counties not included in its service area.

The following table identifies the existing and inpatient rehabilitation beds located in HSA II, and the average annual utilization rate for each provider. Utilization rates are from Table 8A of the Proposed 2017 SMFP.

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Hugh Chatham Memorial Hospital	12	0.0%
North Carolina Baptist Hospital	39	66.8%
Novant Health Rehabilitation Center	68	48.0%
Totals	184	54.3%

Source: Proposed 2017 SMFP, Table 8A.

As shown in the table above, there are currently five providers of inpatient rehabilitation services in HSA II. In Section V.8, pages 94-95, the applicant discusses how any enhanced

competition will have a positive impact on the cost-effectiveness, quality and access to the proposed services. On page 94, the applicant states,

“The proposed project will have a positive effect on competition in the proposed service area. The high occupancy rate at NHRC, and the inability to operate all 68 licensed inpatient rehabilitation beds in private rooms as a result of facility size, constrains access to NHRC’s inpatient rehabilitation services for patients. As Section III of this application demonstrates, there are many patients in the service area who are appropriate candidates for inpatient rehabilitation, but they are not receiving these services. An important aspect of competition is permitting consumers to access those facilities that best meet their needs, and this project will ensure that consumers’ and physicians’ choices are not impeded by the lack of available bed capacity at NHRC. Increasing the operational bed capacity and developing 68 private rooms will enhance local and regional consumer access to inpatient rehabilitation services.”

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

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

- The applicant adequately demonstrates the need for the project and that it is a cost-effective alternative. The discussions regarding the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates it will provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates that it will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (3) and (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

In Section I.10(a), page 6, the applicant states that HealthSouth does not own or operate any inpatient rehabilitation facilities in North Carolina. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no Novant Health facilities are currently out of compliance with a CMS Condition of Participation, nor have any other 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 other facility owned and operated by Novant Health in North Carolina. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at Novant Health 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