

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: November 8, 2019

Findings Date: November 8, 2019

Project Analyst: Celia C. Inman

Team Leader: Gloria C. Hale

Project ID #: G-11745-19

Facility: Peters Endoscopy Center

FID #: 061166

County: Guilford

Applicant: Bethany Medical Center, P.A.

Project: Relocate existing ASF with 2 GI endo rooms from 507 Lindsay St. to 1580 Skeet Club Rd.

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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

Bethany Medical Center, P.A. (hereinafter referred to as BMC or “the applicant”) proposes to relocate its existing ambulatory surgical facility (ASF) with two gastrointestinal endoscopy (GI endo) rooms from 507 Lindsay St., High Point to 1580 Skeet Club Rd., High Point and to change the name of the facility from Bethany Medical Endoscopy Center to Peters Endoscopy Center.

#### 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 2019 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

### Policies

There are no policies in the 2019 SMFP which are applicable to this project.

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that Criterion (1) 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- (2) Repealed effective July 1, 1987.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

The applicant proposes to relocate its existing ASF with two GI endo rooms from Bethany Medical Center (Bethany Medical) at 507 Lindsay St., High Point to Bethany Medical at 1580 Skeet Club Rd., High Point. Bethany Medical, established in 1987 as a multi-specialty medical group provides medical care at several locations in Guilford County, including the Lindsay and Skeet Club locations. Bethany Medical Endoscopy Center (BMEC) is a component of Bethany Medical, and is currently located within the Bethany Medical group location at 507 Lindsay St. The proposed Skeet Club location is approximately six miles from the Lindsay location, which moves the facility north of Highway 74 and closer to I-40. The existing BEMC ASF with two GI endo rooms will be renamed Peters Endoscopy Center (PEC) upon the relocation.

### Patient Origin

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2019 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “...*the geographical area, as defined by the applicant using county lines, from which the applicant projects to serve patients.*” The facility is located in Guilford County and in Exhibit 2, page 73, the applicant states that its primary service area is Guilford County and that 69% of its patients were from Guilford County in FY2018, as depicted in the table provided on page 73.

Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table summarizes the facility’s current patient origin.

<b>BMEC Current Patient Origin</b>		
<b>County</b>	<b>Current 10/1/2017-9/30/2018</b>	
	<b># of Procedures (Patients)</b>	<b>% of Total</b>
Guilford	1,401	69.15%
Randolph	225	11.11%
Davidson	222	10.96%
Forsyth	86	4.24%
Rockingham	37	1.83%
Alamance	3	0.15%
Brunswick	3	0.15%
Chatham	3	0.15%
Durham	3	0.15%
Moore	3	0.15%
Columbus	2	0.10%
Davie	2	0.10%
Pitt	2	0.10%
Robeson	2	0.10%
Yadkin	2	0.10%
15 Other Counties*	15	0.74%
Other States**	15	0.74%
<b>Total</b>	<b>2,026</b>	<b>100.00%</b>

**Source:** Section C, pages 12-13

\* 15 Other Counties identified on the 2019 LRA include Burke, Greene, Hoke, Lincoln, Madison, Mecklenburg, Montgomery, Nash, Rowan Stanly, Stokes, Union, Wake, Watauga, and Wilkes.

\*\* Other States identified on the 2019 LRA include South Carolina and Virginia.

The applicant’s table on pages 12-13 shows one procedure for “15 other counties”; however, the applicant appears to mean one patient each for 15 other counties based on the total of 2,026 patients, otherwise the total would be only 2,012, or 14 less patients. This is confirmed in the applicant’s 2019 License Renewal Application (LRA), which reports one patient from the following 15 counties: Burke, Greene, Hoke, Lincoln, Madison, Mecklenburg, Montgomery, Nash, Rowan Stanly, Stokes, Union, Wake, Watauga, and Wilkes. The LRA also reports patients from South Carolina, Virginia, and other states. Therefore, the number of procedures for “15 other counties” in the applicant’s table on page 13 should be 15, as shown in the table above. Based on the facility’s 2019 LRA, the facility equates cases (patients) and procedures and the applicant uses the terms interchangeably throughout the application.

The following table illustrates PEC’s patient origin for FY2019, FY2020 and FY2021, as provided by the applicant on pages 13-14, showing the same percentage of patients by county of origin for the current year and for future years of operation.

County	10/1/2018-9/30/2019		10/1/2019-9/30/2020		10/1/2020-9/30/2021	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Guilford	1,328	69.15%	1,328	69.15%	1,992	69.15%
Randolph	213	11.11%	213	11.11%	320	11.11%
Davidson	210	10.96%	210	10.96%	316	10.96%
Forsyth	82	4.24%	82	4.24%	122	4.24%
Rockingham	35	1.83%	35	1.83%	53	1.83%
Alamance	3	0.15%	3	0.15%	4	0.15%
Brunswick	3	0.15%	3	0.15%	4	0.15%
Chatham	3	0.15%	3	0.15%	4	0.15%
Durham	3	0.15%	3	0.15%	4	0.15%
Moore	3	0.15%	3	0.15%	4	0.15%
Columbus	2	0.10%	2	0.10%	3	0.10%
Davie	2	0.10%	2	0.10%	3	0.10%
Pitt	2	0.10%	2	0.10%	3	0.10%
Robeson	2	0.10%	2	0.10%	3	0.10%
Yadkin	2	0.10%	2	0.10%	3	0.10%
15 Other Counties*	14	0.74%	14	0.74%	21	0.74%
Other States**	14	0.74%	14	0.74%	21	0.74%
<b>Total</b>	<b>1,920</b>	<b>100.00%</b>	<b>1,920</b>	<b>100.00%</b>	<b>2,880</b>	<b>100.00%</b>

Totals may not sum due to rounding

Exhibit 2, page 75, provides projected patient origin for CY2020 through CY2022 with CY2020 being the same numbers and percentages as that provided for FY2021 in the table above. The same percentage of patients by county is used for CY2021 and CY2022, with the total number of patients consistent with the Section Q Form C utilization of 3,840 patients/procedures.

In Section C, page 14, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

*“The percentage of patients per county has been consistent for several years. So the projections show no change in the percentage. Volumes have been increased to reflect the addition of physician providers and movement of the GI Endo Room usage to full time in 2021.”*

The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 14-15, the applicant explains why it believes the population projected to utilize the proposed services needs the services to be relocated, stating that:

- GI endo procedures are critical for diagnosing and treating colorectal cancer and upper GI illnesses,
- the population is aging (Exhibit 2),
- recent changes in recommendations for the age to begin colon cancer screening from age 50 to age 45 will result in an increased need for endoscopy procedures,
- the relocation of the facility within High Point (approximately six miles away) will provide BMEC patients in the service area with better and easier access to endoscopy procedures, and
- the relocation of the facility will provide additional square footage with larger areas for pre, intra, and post procedure rooms; first floor access to surgical services rather than second floor access at the current location; and access to public transportation (page 47).

In Exhibit 2, the applicant provides data to support its assumptions and methodology. The information is reasonable and adequately supported for the following reasons:

- Reliable data sources are used to support assertions about population growth.
- The applicant provides reasonable and adequately supported information to support its assertion that relocating the GI endo center will better serve its patients in the service area.

*Projected Utilization*

In Section Q, Form C, page 51, the applicant provides the historical and projected utilization for calendar years 2020 through 2022, as shown in the table below.

	Historical			Interim	Projected		
	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022
# of GI Endo Rooms	2	2	2	2	2	2	2
# of GI Endo Procedures	2,132	2,226	1,920	1,920	2,880	3,840	3,840
Percent Change from Previous Year	3.44%	4.41%	-13.75%	0.00%	50.00%	33.33%	0.00%

In Section Q, page 51, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- From CY2012-CY2017, procedure volume increased 3-4% per year
- In 2018 and 2019, the annual volume of procedures significantly decreased due to physician turnover and a reduction in hours for the primary physician
- 2019 was annualized based on 8 months of data, one physician left in August 2018, a new physician started in January 2019, and the primary physician retired in May 2019
- A second physician with a projected start date of June 2020 is being recruited, increasing expected hours to 75% of capacity, with capacity being 160 procedures per month per physician

- In 2021, two physicians will be completing procedures at the facility, hours will increase to 100% at 160 procedures per month per physician for a total of 3,840 procedures

As stated in its assumptions, the applicant assumes that by CY2021, the facility will be operating at capacity at 3,840 procedures. Based on the facility operating at capacity, projected utilization for CY2022 will remain at 100% of capacity for the two physicians serving PEC.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant bases its projected utilization on its own historical data as impacted by the new physicians.
- The applicant accounts for changes in the physician complement in projecting utilization.
- The applicant provides supporting documentation in Exhibit 2.

Access

In Section C, page 18, the applicant states:

*“We accept any patient who meets our admission criteria. Our policy states that the center shall provide the highest quality care, and serve as a resource for referring physicians in the community for treatment, diagnosis and management of patients for gastroenterology services without regard to race, color, religion, sex, age, national origin, disability, or socioeconomic class.”*

In Section L, page 44, the applicant provides the same payor mix for the current year and for future years of operation following completion of the project, as illustrated in the following table.

<b>Payor Mix</b>	
<b>Payor Source</b>	<b>Percent of Services</b>
Self-Pay	0.6%
Medicare*	36.4%
Medicaid*	10.0%
Insurance*	53.0%
<b>Total</b>	<b>100.0%</b>

**Note:** The applicant does not have charity care as a payor source. The charity care policy is provided in Exhibit 14.

\*Including any managed care plans

The projected payor mix is reasonable and adequately supported.

## Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

## C

The applicant proposes to relocate its existing ASF within the city of High Point in Guilford County and to change the name of the facility to Peters Endoscopy Center. The proposed location is approximately six miles from the existing location.

In Section D, page 22, the applicant states it will relocate its existing two GI endoscopy rooms and will no longer offer GI endoscopy services at the current location. The applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 22, the applicant states that the current center and the proposed location are within 7 miles of each other and the facility will continue to serve the same patient population. Obviously, the facility may be six or so miles closer to some patients and six or so miles further away from some patients; however, the applicant states that patient access will be enhanced by the new location being closer to I-40, by additional surgical and support space, easy parking, and access to public transportation (page 47).

In Section D, page 24, in reference to how the relocation of the services will affect the ability of low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups to obtain needed health care, the applicant states:

*“The current center and the proposed location are within 7 miles of each other. Therefore, we will continue to serve the existing patient population and the relocation will not affect the above populations.”*

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the applicant adequately demonstrates that:

- The needs of the population currently using the services to be relocated will be adequately met following project completion.
- The project will not adversely impact the ability of underserved groups to access these services following project completion.

- (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

The applicant proposes to relocate its existing ASF with two GI endo rooms from 507 Lindsay St., High Point to 1580 Skeet Club Rd., High Point and to change the name of the facility to Peters Endoscopy Center.

In Section E, page 26, the applicant states that the only alternative to the relocation is to remain at the current location. The applicant states that the status quo is not the most effective because of limited space for growth and the difficulty that the two physicians have completing procedures at the existing facility on the same day. On page 15, the applicant states that the proposed location is within seven miles of the existing location, offers first floor access to surgical services, and additional square footage with larger rooms for pre, intra, and post procedures. The applicant also states the new location is owned by the owner of the applicant, was built for use as a surgery center, designed with adequate space, and will require limited renovations.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:



- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain the need for the relocation of the services.
- The applicant provides credible information to explain why it believes the proposed project is a more effective alternative.

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Bethany Medical Center, P.A. shall materially comply with all representations made in the certificate of need application.**
- 2. Bethany Medical Center, P.A. shall relocate its existing ambulatory surgical facility with two gastrointestinal endoscopy procedure rooms to 1580 Skeet Club Road, High Point.**
- 3. Upon completion of the project, Bethany Medical Center, P.A. shall be licensed for no more than two gastrointestinal endoscopy procedure rooms.**
- 4. Bethany Medical Center, P.A. shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Sections F and Q of the application and that would otherwise require a certificate of need.**
- 5. For the first three years of operation following completion of the project, Bethany Medical Center, P.A. shall not increase charges more than 5% of the charges projected in Sections F and Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 6. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Bethany Medical Center, P.A. shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
  - a. Payor mix for the services authorized in this certificate of need.**

- b. Utilization of the services authorized in this certificate of need.**
  - c. Revenues and operating costs for the services authorized in this certificate of need.**
  - d. Average gross revenue per unit of service.**
  - e. Average net revenue per unit of service.**
  - f. Average operating cost per unit of service.**
- 7. Bethany Medical Center, P.A. 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

The applicant proposes to relocate its existing ASF with two GI endo rooms to leased space in a medical office building at 1580 Skeet Club Rd., High Point and to change the name of the facility to Peters Endoscopy Center.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/Renovation Costs	\$112,000
Furniture	\$40,000
Consultant/A&E Fees	\$23,000
Total	\$175,000

In Exhibit 5, the applicant provides the assumptions used to project the capital cost for the renovations and adds an additional amount for furniture and other fees.

In Section F, pages 28-29, the applicant does not project any start-up or initial operating expenses.

Availability of Funds

In Section F, page 27, the applicant states that the capital cost of the project will be funded via accumulated reserves or owners' equity. Exhibit 6 contains documentation of the facility's owners committing to fund the \$175,000 cost to develop the proposed project, as well as the availability of the accumulated reserves and owner's equity of the projected \$175,000.

### Financial Feasibility

The applicant appears to have used the Section Q financial forms from a previous version of the application. The current application does not require a balance sheet, which the applicant titles form F.2; therefore, the Project Analyst disregarded that form.

The applicant is an existing provider of GI endo services and bases its pro forma financial statements on its past experience. In Section Q, on what the applicant titles Form F.3, page 54, the applicant projects that revenues will exceed operating expenses in the first two calendar years following completion of the project, CY2021 and CY2022, as shown in the table below.

<b>PEC Revenue and Expenses</b>			
	<b>Interim</b>	<b>Projected</b>	<b>Projected</b>
	<b>(CY2020)</b>	<b>(CY2021)</b>	<b>(CY2022)</b>
Total Number of Procedures	2,880	3,840	3,840
Total Gross Revenues (Charges)	\$2,134,022	\$2,845,363	\$2,845,363
Total Net Revenue	\$1,200,672	\$1,600,896	\$1,600,896
Average Net Revenue per Procedure	\$417	\$417	\$417
Total Operating Expenses (Costs)	\$1,126,527	\$1,126,527	\$1,126,527
Average Operating Expense per Procedure	\$391	\$293	\$293
Net Income / (Loss)	\$74,145	\$474,368	\$474,368

As can be seen in the pro forma financial statements, the applicant chooses to be conservative, holding the utilization, net revenue, and the operating costs per procedure constant in future years, after reaching its projected capacity.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs, and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions.

- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 relocate its existing ASF with two GI endo rooms from 507 Lindsay St., High Point to 1580 Skeet Club Rd., High Point and to change the name of the facility to Peters Endoscopy Center.

N.C. Gen. Stat. §131E-176(24a) states, “Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.” The 2019 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “...the geographical area, as defined by the applicant using county lines, from which the applicant projects to serve patients.” The facility is located in Guilford County and in Exhibit 2, page 73, the applicant states that its primary service area is Guilford County and that 69% of its patients were from Guilford County in FY2018, as depicted in the table provided on page 73. Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

There is a total of 26 existing or approved GI endoscopy rooms in eight facilities in Guilford County, as shown in the table below.

Guilford County GI Endoscopy Services – FFY2018						
Existing Facilities	# of Rooms	# of Cases	# of Procedures	Miles to Current Location	Miles to Proposed Location	Difference
Bethany Medical Endoscopy Center	2	2,026	2,026		6.2	
Cone Health	7	4,963	6,121	20.8	12.2	8.6
Eagle Endoscopy Center	4	5,654	6,248	20.9	12.2	8.7
Greensboro Specialty Surgical Center	2	868	1,070	11.5	8.4	3.1
Guilford Endoscopy Center	2	2,330	3,317	21.0	13.1	7.9
High Point Endoscopy Center	3	6,193	8,123	0.2	6.3	-6.1
High Point Regional Health	2	2,039	2,457	0.4	6.1	-5.7
LeBauer Endoscopy Center	4	7,564	8,331	15.8	10.1	5.7
<b>Total</b>	<b>26</b>	<b>31,637</b>	<b>37,693</b>			

Sources: Table 6F: Endoscopy Room Inventory (page 86 of the Proposed 2020 SMFP)  
[www.google.com/maps](http://www.google.com/maps), October 7, 2019

The table above shows the providers of endoscopy services in Guilford County and their distances from the current location and the proposed location. Three of the eight facilities, including BMEC (PEC), have High Point addresses: BMEC, High Point Endoscopy Center, and High Point Regional Health. The other five facilities have Greensboro addresses: Cone Health, Eagle Endoscopy Center, Greensboro Specialty Surgical Center, Guilford Endoscopy Center, and LeBauer Endoscopy Center. The proposed relocation keeps the facility in the city of High Point, moving it across Highway 74 and approximately seven miles closer to I-40 and Greensboro. As the table above shows, the relocation would move the facility three to eight miles closer to five providers and five to six miles further away from two providers. The relocation of less than seven miles within the city of High Point results in an insignificant change in location within the service area.

In Sections C, D, and G, the applicant states that it will continue to serve the same service area population. In Section G, page 33, the applicant discusses why it believes its proposal would not result in the unnecessary duplication of existing or approved GI endoscopy services in its service area. On page 33, the applicant explains that it has been performing the same GI endo procedures in High Point for many years, stating:

*“We are currently completing these procedures in the same service area and have been since 2006.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the proposal would not result in a change in the number of existing or approved GI endoscopy rooms in Guilford County.

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 Q, Form H, page 99, the applicant provides current and projected staffing for the proposed services by full-time equivalent (FTE) position, as illustrated in the following table.

<b>Current &amp; Projected Staffing by FTE Position</b>		
<b>Position</b>	<b>CY2018 and CY2019</b>	<b>CY2020 and CY2021</b>
Physician	1	2
RN	2	2
LPN	1	1
Technician	9	9
<b>Total</b>	<b>13</b>	<b>14</b>

The applicant provides further explanation in Exhibit 8 where BMC states that staffing salaries for the GI endo services are calculated at 44% of the total Bethany Medical hours spent providing endoscopy services. The applicant further states that the 13 positions listed in CY2018 and CY2019 are not actually full-time equivalent positions. The applicant states that the 14 positions in CY2020 and future years are full-time positions.

Proposed staffing and salary expenses are projected to remain constant for the projected years following CY2020, after the facility reaches its projected capacity in CY2021. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q, page 54. In Section H, page 34, the applicant describes the methods to be used to recruit or fill new positions and its training and continuing education programs. The applicant provides supporting documentation in Exhibit 9. In Section H, page 35, the applicant identifies the current medical director as Shabana Shahid, M. D. In Exhibit 10, the applicant provides documentation related to the medical director. In Section H, page 35, the applicant describes its recruitment plans.

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

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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

In Section I, page 37, the applicant lists the necessary ancillary support services and describes how they will be provided. The applicant states that the following ancillary and support services are necessary for the proposed services:

- Laboratory /Pathology Services
- Anesthesia Services
- Management Services

The applicant provides letters of agreement for services in Exhibit 11.

In Section I, page 37, the applicant describes its existing and proposed relationships with other local health care and social service providers.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that 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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

In Section K, page 39, the applicant states that the project involves upfitting 3,000 square feet of space in a medical office building owned by the applicant's owner. Line drawings are provided in Exhibit 12.

In Section K, page 39, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal, stating that the facility was designed for surgical services with the appropriate existing surgical spaces.

In Section K, page 39, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services. The applicant states that the costs of providing the procedures and the charges to the public will remain the same.

In Section K, page 40, the applicant states that the renovations are limited and no applicable energy saving features were determined to be feasible at this time.

### Conclusion

The Agency reviewed the:

- application,



- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that 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 L, page 43, the applicant provides the historical payor mix for FY2018 at BMEC, as summarized in the table below.

<b>BMEC Historical Payor Mix – FY2018</b>	
<b>Payor Source</b>	<b>Percent of Services</b>
Self-Pay	0.6%
Medicare*	36.4%
Medicaid*	10.0%
Insurance*	53.0%
<b>Total</b>	<b>100.0%</b>

**Note:** The applicant states that it does not have charity care as a separate payor source, but included in Self-pay

\*Including any managed care plans

In Section L, page 43, the applicant provides the following comparison.

	<b>% of Total Patients Served at BMEC during FY2018</b>	<b>% of the Population of Guilford County</b>
Female	60.54%	53.00%
Male	39.46%	49.40%
Unknown	0.00%	0.00%
64 and Younger	72.64%	85.90%
65 and Older	27.36%	14.10%
American Indian	Unable to measure	0.00%
Asian	4.54%	4.80%
Black or African-American	27.69%	33.70%
Native Hawaiian or Pacific Islander	0.15%	0.00%
White or Caucasian	49.65%	56.10%
Other Race	3.85%	5.40%
Declined / Unavailable	14.12%	0.00%

Source: Section L, page 43 of application

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the applicant adequately documents 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. 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 44, the applicant states that the facility has no obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons.

In Section L, page 44, the applicant states that during the last five years no patient civil rights equal access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that 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 L, page 44, the applicant provides the same payor mix for the current year and for future years of operation following completion of the project, as summarized in the following table.

<b>BMEC Historical Payor Mix</b>	
<b>Payor Source</b>	<b>Percent of Services</b>
Self-Pay	0.6%
Medicare*	36.4%
Medicaid*	10.0%
Insurance*	53.0%
<b>Total</b>	<b>100.0%</b>

**Note:** The applicant states that it does not have charity care as a separate payor source but included in Self-pay

\*Including any managed care plans

As shown in the table above, during the second full fiscal year of operation, the applicant projects 0.6 percent of total services will be provided to self-pay patients, 36.4 percent to Medicare patients, and 10.0 percent to Medicaid patients.

In Section L, page 44, the applicant provides the assumptions and methodology used to project payor mix following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the applicant's historical payor mix.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that 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 L, page 45, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that 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 M, page 46, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit 15, showing the facility's policy for "Observation of Procedures". The policy in Exhibit 15, page 117, states that students are not allowed to observe

procedures. However, on page 46, the applicant states;

*“We work with the medical assistant training program to provide endoscopy procedure observation.”*

### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming 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 relocate its existing ASF with two GI endo rooms from 507 Lindsay St., High Point to 1580 Skeet Club Rd., High Point and to change the name of the facility to Peters Endoscopy Center.

N.C. Gen. Stat. §131E-176(24a) states, *“Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.”* The 2019 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as *“...the geographical area, as defined by the applicant using county lines, from which the applicant projects to serve patients.”* The facility is located in Guilford County and in Exhibit 2, page 73, the applicant states that its primary service area is Guilford County and that 69% of its patients were from Guilford County in FY2018, as depicted in the table provided on page 73.

Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

There are a total of 26 existing or approved GI endoscopy rooms in eight facilities in Guilford County, as shown in the table below.

<b>Guilford County GI Endoscopy Services – FY2018</b>			
<b>Existing Facilities</b>	<b># of Rooms</b>	<b>FFY 2018 # of Cases</b>	<b>FFY 2018 # of Procedures</b>
Bethany Medical Endoscopy Center	2	2,026	2,026
Cone Health	7	4,963	6,121
Eagle Endoscopy Center	4	5,654	6,248
Greensboro Specialty Surgical Center	2	868	1,070
Guilford Endoscopy Center	2	2,330	3,317
High Point Endoscopy Center	3	6,193	8,123
High Point Regional Health	2	2,039	2,457
LeBauer Endoscopy Center	4	7,564	8,331
<b>Total</b>	<b>26</b>	<b>31,637</b>	<b>37,693</b>

Sources: Table 6F: Endoscopy Room Inventory (page 86 of the Proposed 2020 SMFP)

In Section N, page 47, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality, and access to the proposed services. On page 47, the applicant states:

*“We do not expect any additional competition since we are currently providing services within 7 miles of the proposed relocation.*

*The new facility will allow for a better patient flow throughout the facility due to increase in space and the number [sic] post procedure rooms.*

*The new facility has access to public transportation.”*

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits).
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Sections C, D, and L of the application and any exhibits).

### Conclusion

The Agency reviewed the:

- application,

- exhibits to the application,
- information which was publicly available during the review and used by the Agency, and
- remarks made at the public hearing.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 O.3, the applicant states that there are no similar ASFs located in North Carolina which are owned, operated, or managed by the applicant or a related entity.

In Section O, page 48, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care which occurred at BMEC. According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred at BMEC. 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 BMEC, 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

The applicant proposes to relocate its existing ASF with two GI endoscopy rooms to a new location within its service area. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms in Licensed Health Service Facilities, promulgated in 10A NCAC 14C .3900, are not applicable to this review because the applicant does not propose to establish a new licensed ASF for performance of GI endoscopy procedures or develop a GI endoscopy room in an existing licensed health service facility.