

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: March 13, 2020

Findings Date: March 13, 2020

Project Analyst: Celia C. Inman

Team Leader: Gloria C. Hale

Project ID #: G-11828-19

Facility: MedCenter Drawbridge

FID #: 180104

County: Guilford

Applicants: The Moses H. Cone Memorial Hospital

The Moses H. Cone Memorial Hospital Operating Corporation

Project: Change of scope to add hospital-based outpatient rehabilitation and medical oncology services to the previously approved Project ID #G-11467-18 (Develop a satellite emergency department)

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.

CA

The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation (collectively referred to as "Cone Health" or "the applicant") proposes a change of scope to add hospital-based outpatient rehabilitation and medical oncology services to the previously approved Project ID #G-11467-18 (develop a satellite emergency department (ED) and diagnostic imaging 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, there are no need determinations applicable to this review.

Policies

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities (page 31 of the 2019 SMFP) is applicable to this review. *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, Certificate of Need 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; therefore, Policy GEN-4 is applicable to this review. In Section B.11, page 19, the applicant provides a written commitment to assuring improved energy efficiency and water conservation in its construction projects. The applicant states:

“Cone Health is committed to assuring improved energy efficiency and water conservation in its construction projects. . . .

Cone Health will add the proposed services to the Energy Efficiency and Sustainability Plan for the project as required by the condition imposed by the CON Section, upon approval of the original CON Project ID #G-11467-18.”

The applicant lists examples of strategies to be investigated to incorporate as energy saving features into the construction plans. The applicant adequately demonstrates that the

application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

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 the application is conforming to this criterion, subject to Condition (4) of Criterion (4).

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

C

The applicant proposes to add hospital-based outpatient rehabilitation and medical oncology services at MedCenter Drawbridge. Cone Health was approved in Project ID #G-11467-18 to develop MedCenter Drawbridge, a hospital-based outpatient center, as a satellite campus in northwest Guilford County. MedCenter Drawbridge was approved to include an ED and diagnostic imaging center, to be licensed as part of Cone Health's hospital license #H0159, which includes Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point. The applicant now proposes to add hospital-based outpatient rehabilitation and medical oncology services at MedCenter Drawbridge, which results in a change of scope for Project ID #G-11467-18.

In Section C.1, pages 20-22, the applicant describes the proposed project with two service components: outpatient rehabilitation services and medical oncology services. The proposed outpatient rehabilitation services will include both physical and occupational therapy to outpatients, primarily those with orthopedic and neurological diagnoses. The medical oncology service will consist of two areas: infusion and exam rooms. The infusion space will allow for the administration of chemotherapy while the exam rooms will allow patients to see a medical oncologist for office visits, examinations, and procedures as part of their ongoing treatment.

Patient Origin

MedCenter Drawbridge is not an existing facility and therefore does not have historical patient origin. The 2019 SMFP does not define a service area for emergency departments, diagnostic centers, outpatient rehabilitation services, or medical oncology clinics. Consistent with previously approved Project ID #G-11467-18, in Section Q Assumptions and Methodology for Form C: Utilization Outpatient Rehabilitation Service Component, page 80, and Assumptions and Methodology for Form C: Utilization Medical Oncology Service Component, page 88, the applicant defines the proposed service area by Zip code. The primary service area for both services is identified as Zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357. The secondary service area is identified as Zip codes 27025 and 27027.

In Exhibit C.3, the applicant provides the projected patient origin for the individual proposed services for the first three full fiscal years (FY) following project completion, FY2022-FY2024, as summarized in the tables below.

Projected Patient Origin for Outpatient Rehabilitation

Zip Code	1 st Full FY FY2022		2 nd Full FY FY2023		3 rd Full FY FY2024	
	# Visits	Percent	# Visits	Percent	# Visits	Percent
27410	903	45.1%	1,579	45.1%	2,031	45.1%
27455	490	24.5%	858	24.5%	1,103	24.5%
27409	187	9.4%	327	9.4%	421	9.4%
27358	132	6.6%	231	6.6%	297	6.6%
27357	50	2.5%	87	2.5%	112	2.5%
27025	43	2.1%	75	2.1%	97	2.1%
27310	40	2.0%	70	2.0%	90	2.0%
27235	29	1.4%	50	1.4%	65	1.4%
27027	26	1.3%	45	1.3%	58	1.3%
Other*	101	5.0%	177	5.0%	227	5.0%
TOTAL	2,000	100.0%	3,500	100.0%	4,500	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicant states that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

Projected Patient Origin for Medical Oncology

Zip Code	1 st Full FY FY2022		2 nd Full FY FY2023		3 rd Full FY FY2024	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
27410	2,131	37.1%	2,711	37.1%	4,842	37.1%
27455	1,063	18.5%	1,353	18.5%	2,416	18.5%
27358	537	9.4%	684	9.4%	1221	9.4%
27409	455	7.9%	579	7.9%	1034	7.9%
27357	329	5.7%	419	5.7%	748	5.7%
27025	303	5.3%	385	5.3%	688	5.3%
27310	186	3.2%	237	3.2%	423	3.2%
27235	162	2.8%	206	2.8%	368	2.8%
27027	61	1.1%	78	1.1%	139	1.1%
Other*	516	9.0%	657	9.0%	1,173	9.0%
TOTAL	5,744	100.0%	7,308	100.0%	13,052	100.0%

Source: Exhibit C-3 / Cone Health

Totals may not sum due to rounding

*The applicant states that other represents other zip codes in Guilford and Rockingham counties, other North Carolina counties, and other states.

In Section C of Project ID #G-11467-18 and Section Q of this application, the applicant states that assumptions regarding projected patient origin for each service are based on proximity to the proposed facility and expected changes in travel patterns based on roadway infrastructure improvements. In Section C.13, page 35 of the application under review, the applicant states:

“The differences in projected patient origin are wholly related to the addition of two (2) service components to the scope of the project. Patient origin for the previously approved service components and the entire facility remain consistent with the projected patient origin in the previously approved application.”

The applicant’s assumptions on patient origin in Project ID #G-11467-18 were found to be reasonable and adequately supported. The applicant’s assumptions as provided above are reasonable and adequately supported.

Analysis of Need

In Section C.4. beginning on page 24, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states:

“The need for these two (2) additional service components is based on the same rationale presented in the previously approved application: population size and projected population growth in the defined service area, aging of the population of the proposed service area, and roadway development in and around the defined service area that will fundamentally alter traffic routes around Northwestern Guilford County and surrounding areas. Discussion of those factors is not repeated in this application, as they remain relevant and essentially unchanged from the original application.”

The applicant states that general information related to historical and projected utilization trends and capacity constraints of existing Cone Health services was discussed in the previous application. In this change of scope application, the applicant discusses these factors with respect to the two additional service components on pages 25-27, as summarized below:

Historical and Projected Utilization Trends

The applicant states that there are no sources of comprehensive utilization data for outpatient rehabilitation or medical oncology; however, the applicant states that The Advisory Board Company projects an increase for both services nationally and in the proposed service area, as listed below:

- Projected five-year national growth rates for chemotherapy and physical therapy/rehabilitation are 2.3% and 12.7%, respectively, per the Advisory Board Outpatient Market Estimator.
- Projected five-year service area growth rates for hematology/oncology visits and physical therapy/rehabilitation are 20.1% and 10.9%, respectively, per the IBM Watson Health Outpatient Estimates and Advisory Board Outpatient Market Estimator.

Cone Health Utilization and Capacity Constraints

The applicant states that the proposed project primarily intends to serve patients who are already choosing Cone Health for outpatient rehabilitation and medical oncology needs. The applicant states that the proposed additional service components at MedCenter Drawbridge will alleviate capacity constraints for these services at existing Guilford County Cone Health locations and provides the following support data:

- Table C-3, page 26, shows the percent of increase over the last five years for Cone Health rehabilitation visits.
- Table C-4, page 27, shows the percent of increase over the last five years for Cone Health medical oncology visits and infusions.

On page 27, the applicant states:

“As demonstrated above, volumes for both additional service components increased substantially over the last five (5) years for which complete data are available. These new sites at MedCenter Drawbridge will allow Cone Health to serve its existing patients in a more timely manner and allow patients in the northwest portion of Guilford County and eastern portion of Rockingham County to receive services closer to home.”

The information provided by the applicant in the previously approved Project ID #G-11467-18 was found reasonable and adequately supported. The information provided above is reasonable and adequately supported for the following reasons:

- the applicant uses historical data that is clearly cited, reasonable demographical data, and credible national data to make the assumptions with regard to identifying the population to be served, its growth and aging, and the need the identified population has for the proposed services, and
- the applicant provides reasonable information to support the need to decompress outpatient rehabilitation services and medical oncology services at other Cone Health Guilford County sites.

Projected Utilization

In Section Q, pages 80-95, the applicant provides the methodology and assumptions for projecting utilization through the first three full fiscal years of operation following completion of the project, as shown in Form C Utilization, page 79, summarized below, and detailed step by step, thereafter. The proposed services are new to MedCenter Drawbridge; therefore, there is no historical or interim year utilization.

	1st Full FY FY2022	2nd Full FY FY2023	3rd Full FY FY2024
Rehabilitation Visits	2,000	3,500	4,500
Medical Oncology Visits	5,744	7,308	13,052

Rehabilitation

Step 1: Identify the service area. (page 80)

The primary service area is identified as Zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357. The secondary service area is identified as Zip codes 27025 and 27027.

Step 2: Determine Cone Health-Greensboro existing outpatient rehabilitation volumes for the proposed service area. (pages 80-81)

The applicant states that Cone Health-Greensboro provides outpatient rehabilitation services at the following Guilford County locations:

- Cone Health Neurorehabilitation Center (Neuro)
- Cone Health Outpatient Audiology Center (Audio)
- Cone Health Outpatient Cancer Rehabilitation Center (Cancer)
- Cone Health Outpatient Orthopedic Rehabilitation at Greensboro (Greensboro)
- Cone Health Outpatient Rehabilitation at Adams Farm (Adams Farm)
- Cone Health Outpatient Rehabilitation at Brassfield (Brassfield)
- Cone Health Outpatient Rehabilitation at MedCenter High Point (High Point)
- Cone Health Pediatric Rehabilitation Center at Greensboro (Peds)

The applicant states that it determined the total number of visits for the above locations in FY2018 for patients residing in the proposed service area, as shown in the table on page 81 and below:

**Cone Health-Greensboro Outpatient Rehabilitation Visits
 From Proposed Service Area
 FY2018**

ZIP CODE	City Name	FY2018
Primary Service Area (PSA)		
27410	Greensboro	2,513
27455	Greensboro	1,365
27409	Greensboro	521
27358	Summerfield	368
27310	Oak Ridge	111
27235	Colfax	80
27357	Stokesdale	138
Subtotal PSA		5,096
Secondary Service Area (SSA)		
27025	Madison	101
27027	Mayodan	61
Subtotal SSA		162
Total Visits		5,258

Source: Cone Health Financial Systems

Step 3: Estimate FY2018 total market volume for the proposed service area. (pages 81-82)

The applicant estimates the service area's total market volumes for outpatient rehabilitation visits using The Advisory Board Company's Market Scenario Estimator.

**Total Estimated Outpatient Rehabilitation Visits
 Proposed Service Area FY2018**

ZIP CODE	City Name	FY2018
Primary Service Area (PSA)		
27410	Greensboro	5,951
27455	Greensboro	3,273
27409	Greensboro	1,681
27358	Summerfield	1,710
27310	Oak Ridge	900
27235	Colfax	521
27357	Stokesdale	895
Subtotal PSA		14,931
Secondary Service Area (SSA)		
27025	Madison	1,185
27027	Mayodan	479
Subtotal SSA		1,664
Total Visits		16,594

Source: The Advisory Board Company's Market Scenario Estimator
 Totals may not sum due to rounding

Step 4: Calculate Cone Health–Greensboro’s FY2018 outpatient rehabilitation market share by Zip code based on Steps 2 and 3 above. (pages 82-83)

**Cone Health-Greensboro (CH-G) Outpatient Rehabilitation Market Share
 Proposed Service Area
 FY2018**

ZIP CODE	City Name	CH-G Volumes	Market Volumes	CH-G Market Share
Primary Service Area (PSA)				
27410	Greensboro	2,513	5,951	42.2%
27455	Greensboro	1,365	3,273	41.7%
27409	Greensboro	521	1,681	31.0%
27358	Summerfield	368	1,710	21.5%
27310	Oak Ridge	111	900	12.3%
27235	Colfax	80	521	15.4%
27357	Stokesdale	138	895	15.4%
Subtotal PSA		5,096	14,931	34.1%
Secondary Service Area (SSA)				
27025	Madison	101	1,185	8.5%
27027	Mayodan	61	479	12.7%
Subtotal SSA		162	1,664	9.7%
Total Visits		5,258	16,594	31.7%

Source: Cone Health Financial Systems and The Advisory Board Company’s Market Scenario Estimator
 Totals may not sum due to rounding

Step 5: Project future market volumes for the proposed service area. (pages 83-84)

The applicant uses The Advisory Board Company’s Market Scenario Estimator to project total future volumes for the proposed service area, as shown below.

**Projected Total Outpatient Rehabilitation Visits
 Proposed Service Area
 FY2019-FY2024**

Zip Code	City	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Primary Market Area							
27410	Greensboro	6,092	6,236	6,383	6,534	6,668	6,846
27455	Greensboro	3,350	3,429	3,510	3,593	3,687	3,765
27409	Greensboro	1,725	1,771	1,818	1,866	1,916	1,967
27358	Summerfield	1,741	1,773	1,805	1,838	1,872	1,907
27310	Oak Ridge	919	938	958	978	999	1020
27235	Colfax	532	544	556	568	580	593
27357	Stokesdale	907	918	930	942	954	966
Subtotal PSA		15,266	15,609	15,960	16,319	16,687 [16,676]*	17,064
Secondary Service Area							
27025	Madison	1,193	1,201	1,209	1,217	1,226	1,234
27027	Mayodan	482	485	488	491	494	498
Subtotal SSA		1,675	1,686	1,697	1,708	1,720	1,732
TOTAL		16,941	17,295	17,657	18,027	18,407 [18,396]*	18,796

Source: The Advisory Board Company's Market Scenario Estimator

Totals may not sum due to rounding

*Sum in table is 11 visits more than the individual Zip code visits total for the PSA in FY2023. The difference is insignificant.

Step 6: Project future Cone Health-Greensboro outpatient rehabilitation market share. (pages 84-85)

Assumptions:

- An additional access point for outpatient rehabilitation services will allow more patients to be seen, which the applicant believes will increase Cone Health’s market share in the proposed service area.
- The applicant projects a 3% increase in market share for the primary service area and a 4% increase in market share for the secondary service area.
- Projections are shown at the subservice area level instead of the Zip code level.

Projected Cone Health Outpatient Rehabilitation Market Share

	FY2018 Market Share	Future Market Share
Primary Service Area	34.1%	37.1%
Secondary Service Area	9.7%	13.7%

Source: Cone Health

Step 7: Project future Cone Health-Greensboro outpatient rehabilitation visits. (page 85)

The applicant applies the projected market share in Step 6 to the projected volumes for the proposed service area in Step 5.

Projected Cone Health-Greensboro Outpatient Rehabilitation Visits

Volume Source	Projected CH-G Market Share	FY2019*	FY2020*	FY2021*	FY2022	FY2023	FY2024
Primary Service Area	37.1%	5,668	5,796	5,926	6,060	6,196	6,336
Secondary Service Area	13.7%	230	232	233	235	236	238
Total Visits		5,898	6,028	6,159	6,295	6,432	6,574

Totals may not sum due to rounding

*Based on the applicant’s assumption that the increase in market share is based on adding the new access point to services at MedCenter Drawbridge beginning October 1, 2021, the increase in market share would not apply to FY2019- FY2021. However, the projected utilization during those years has no bearing on the increase in market share for the project years; thus it is irrelevant.

Step 8: Project volume shifts from existing Cone Health outpatient rehabilitation locations to MedCenter Drawbridge. (pages 85-86)

Assumption: 65% of the proposed service area patients choosing to utilize an existing Cone Health outpatient rehabilitation location will choose to receive services at MedCenter Drawbridge, based on previous experience. The applicant applies this percentage to the projected Cone Health-Greensboro outpatient rehabilitation visits calculated in Step 7.

**Projected MedCenter Drawbridge
 Shift in Outpatient Rehabilitation Visits**

	Shift	FY2022	FY2023	FY2024
Primary Service Area	65%	3,939	4,027	4,118
Secondary Service Area	65%	153	153	155
Total Visits		4,092	4,180	4,273

Totals may not sum due to rounding

Step 9: Calculate immigration for the proposed project. (page 86)

Assumption: Based on experience, the applicant states that between 10% and 20% of patients for a service come from outside the defined service area. The applicant states that it applies an immigration factor of approximately 5% [5.322%] to the volumes calculated in Step 8.

Inmigration Factor	FY2022	FY2023	FY2024
5.322%	218	222	227

Step 10: Calculate total projected volumes for the proposed project. (pages 86-87)

The applicant adds the immigration volume calculated in Step 9 to the volume calculated in Step 8.

**Total Projected MedCenter Drawbridge
 Outpatient Rehabilitation Visits**

	FY2022	FY2023	FY2024
Service Area Shift from Cone Health Facilities	4,092	4,180	4,273
Inmigration	218	222	227
Total Visits	4,310	4,402	4,500

Source: Cone Health

Totals may not sum due to rounding

Step 11: Adjust volumes for ramp-up period. (page 87)

Assumption: Based on experience opening new outpatient rehabilitation sites, the applicant projects a three-year ramp-up period and scales the proposed volumes based on Cone Health’s historical experience with operationalizing outpatient rehabilitation sites; Year 1 - 46%, Year 2 - 80%, and Year 3 - 100%.

**Projected MedCenter Drawbridge
Outpatient Rehabilitation Visits
With Ramp-up Period**

	FY2022	FY2023	FY2024
Projected Potential Visits	4,310	4,402	4,500
Ramp-up Percentage	46%	80%	100%
Total Projected Outpatient Rehabilitation Visits	2,000	3,500	4,500

Source: Cone Health
Totals may not sum due to rounding

Medical Oncology

Step 1: Identify the service area. (page 88)

The primary service area is identified as Zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357. The secondary service area is identified as Zip codes 27025 and 27027.

Step 2: Determine Cone Health-Greensboro’s existing medical oncology volumes for the proposed service area. (pages 88-89)

The applicant states that Cone Health-Greensboro provides medical oncology services at the following Guilford County locations:

- Cone Health Cancer Center at Wesley Long
- Cone Health Cancer Center at MedCenter High Point

The applicant states that it determined the total number of visits for the above locations in FY2018 for patients residing in the proposed service area, as shown in the table on page 89 and below:

**Cone Health-Greensboro Medical Oncology Visits
 From Proposed Service Area
 FY2018**

ZIP CODE	City Name	FY2018
Primary Service Area (PSA)		
27410	Greensboro	4,383
27455	Greensboro	2,187
27409	Greensboro	936
27358	Summerfield	1,105
27310	Oak Ridge	383
27235	Colfax	333
27357	Stokesdale	677
Subtotal PSA		10,004
Secondary Service Area (SSA)		
27025	Madison	596
27027	Mayodan	120
Subtotal SSA		716
Total Visits		10,720

Source: Cone Health Financial Systems

Step 3: Estimate FY2018 total market volume for the proposed service area. (pages 89-90)

The applicant estimates the service area's total market volumes for medical oncology visits using IBM Watson Health, formerly Truven Health Analytics.

**Total Estimated Medical Oncology Visits
 Proposed Service Area
 FY2018**

ZIP CODE	City Name	FY2018
Primary Service Area (PSA)		
27410	Greensboro	10,513
27455	Greensboro	5,166
27409	Greensboro	2,279
27358	Summerfield	2,381
27310	Oak Ridge	1,154
27235	Colfax	886
27357	Stokesdale	1,532
Subtotal PSA		23,911
Secondary Service Area (SSA)		
27025	Madison	2,579
27027	Mayodan	1,043
Subtotal SSA		3,622
Total Visits		27,533

Source: IBM Watson Health, formerly Truven Health Analytics
 Totals may not sum due to rounding

Step 4: Calculate Cone Health–Greensboro’s FY2018 medical oncology market share by Zip code based on Steps 2 and 3 above. (pages 90-91)

**Cone Health-Greensboro Medical Oncology Market Share
 Proposed Service Area
 FY2018**

ZIP CODE	City Name	CH-G Volumes	Market Volumes	CH-G Market Share
Primary Service Area (PSA)				
27410	Greensboro	4,383	10,513	41.7%
27455	Greensboro	2,187	5,166	42.3%
27409	Greensboro	936	2,279	41.1%
27358	Summerfield	1,105	2,381	46.4%
27310	Oak Ridge	383	1,154	33.2%
27235	Colfax	333	886	37.6%
27357	Stokesdale	677	1,532	44.2%
Subtotal PSA		10,004	23,911	41.8%
Secondary Service Area (SSA)				
27025	Madison	596	2,579	23.1%
27027	Mayodan	120	1,043	11.5%
Subtotal SSA		716	3,622	19.8%
Total Visits		10,720	27,533	38.9%

Source: Cone Health Financial Systems and IBM Watson Health, formerly Truven Health Analytics
 Totals may not sum due to rounding

Step 5: Project future market volumes for the proposed service area. (pages 91-92)

The applicant uses IBM Watson Health, formerly Truven Health Analytics to project total future volumes for the proposed service area, as shown below.

**Projected Total Medical Oncology Visits
 Proposed Service Area
 FY2019-FY2024**

Zip Code	City	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Primary Market Area							
27410	Greensboro	10,828	11,152	11,486	11,831	12,185	12,550
27455	Greensboro	5,389	5,622	5,865	6,118	6,382	6,658
27409	Greensboro	2,379	2,483	2,591	2,705	2,823	2,946
27358	Summerfield	2,511	2,647	2,791	2,943	3,103	3,272
27310	Oak Ridge	1,225	1,300	1,380	1,465	1,555	1,651
27235	Colfax	922	959	997	1,037	1,079	1,122
27357	Stokesdale	1,593	1,657	1,723	1,792	1,864	1,939
Subtotal PSA		24,846	25,820	26,834	27,891	28,991	30,137
Secondary Service Area							
27025	Madison	2,647	2,716	2,787	2,860	2,935	3,012
27027	Mayodan	1,062	1,082	1,102	1,122	1,143	1,164
Subtotal SSA		3,709	3,798	3,889	3,982	4,078	4,176
TOTAL		28,555	29,618	30,723	31,873	33,069	34,313

Source: IBM Watson Health, formerly Truven Health Analytics
 Totals may not sum due to rounding

Step 6: Project future Cone Health-Greensboro medical oncology market share. (pages 92-93)

Assumptions:

- An additional access point for medical oncology services will allow more patients to be seen, which the applicant believes will increase Cone Health’s market share in the proposed service area.
- The applicant projects a 4% increase in market share for the primary service area and a 5% increase in market share for the secondary service area.
- Projections will be shown at the subservice area level instead of the Zip code level.

Projected Cone Health Medical Oncology Market Share

	FY2018 Market Share	Future Market Share
Primary Service Area	41.8%	45.8%
Secondary Service Area	19.8%	24.8%

Source: Cone Health

Step 7: Project future Cone Health-Greensboro medical oncology visits. (page 93)

The applicant applies the projected market share in Step 6 to the projected volumes for the proposed services area in Step 5.

Projected Cone Health-Greensboro Medical Oncology Visits

Volume Source	Projected CH-G Market Share	FY2019*	FY2020*	FY2021*	FY2022	FY2023	FY2024
Primary Service Area	45.8%	11,389	11,835	12,300	12,785	13,289	13,815
Secondary Service Area	24.8%	919	941	963	986	1,010	1,034
Total Visits		12,308	12,776	13,264	13,771	14,299	14,849

Totals may not sum due to rounding

*Based on the applicant's assumption that the increase in market share is based on adding the new access point to services at MedCenter Drawbridge beginning October 1, 2021, the increase in market share would not apply to FY2019- FY2021. However, the projected utilization during those years has no bearing on the increase in market share for the project years; thus, it is irrelevant.

Step 8: Project volume shifts from existing Cone Health medical oncology locations to MedCenter Drawbridge. (pages 93-94)

Assumption: 80% of the proposed service area patients choosing to utilize an existing Cone Health medical oncology location will choose to receive services at MedCenter Drawbridge, based on previous experience. The applicant applies this percentage to the projected Cone Health-Greensboro medical oncology visits calculated in Step 7.

**Projected MedCenter Drawbridge
 Shift in Medical Oncology Visits**

	Shift	FY2022	FY2023	FY2024
Primary Service Area	80%	10,228	10,631	11,052
Secondary Service Area	80%	789	808	827
Total Visits		11,107[11,017]	11,439	11,879

Totals may not sum due to rounding

Step 9: Calculate immigration for the proposed project. (page 94)

Assumption: Based on experience, the applicant states that between 10% and 20% of patients for a service come from outside the defined service area. The applicant states that it applies an immigration factor of approximately 10% [9.8738%] to the volumes calculated in Step 8.

Inmigration Factor	FY2022	FY2023	FY2024
9.8738%	1,088	1,129	1,173

Step 10: Calculate total projected volumes for the proposed project. (page 94)

The applicant adds the immigration volume calculated in Step 9 to the volume calculated in Step 8.

**Total Projected MedCenter Drawbridge
 Medical Oncology Visits**

	FY2022	FY2023	FY2024
Service Area Shift from Cone Health Facilities	11,107[11,017]	11,439	11,879
Immigration	1,088	1,129	1,173
Total Visits	12,105	12,568	13,052

Source: Cone Health
 Totals may not sum due to rounding

Step 11: Adjust volumes for ramp-up period. (page 95)

Assumption: Based on experience opening new medical oncology sites, the applicant projects a two year ramp-up period for physicians and scales the proposed volumes based on Cone Health’s historical experience with staffing medical oncology service sites: Year 1 – one physician operating at 78% capacity, Year 2 – one physician operating at 100% capacity, Year 3 – one physician at 100% plus a new physician operating at 78% of capacity.

**Projected MedCenter Drawbridge
 Medical Oncology Visits
 With Ramp-up Period**

	FY2022	FY2023	FY2024
Projected Potential Visits	12,105	12,568	13,052
Ramp-up Year One – One Physician at 78% Capacity	5,744		
Ramp-up Year Two – One Physician at 100% Capacity		7,308	
Ramp-up Year Three - One Physician at 100% Capacity and One Physician at 78%			13,052
Total Projected Outpatient Rehabilitation Visits	5,744	7,308	13,052

Source: Cone Health
 Totals may not sum due to rounding

Projected utilization for outpatient rehabilitation visits and medical oncology visits is reasonable and adequately supported for the following reasons:

- the applicant bases projected utilization upon Cone Health-Greensboro’s historical utilization data by the proposed population for the projected services, adjusted to reflect the estimated total utilization for the service, based on national forecasting company data,
- the applicant applies reasonable assumptions for the proposed services,
- the applicant utilizes reasonable assumptions for Cone Health-Greensboro market share,
- the applicant utilizes reasonable assumptions for the shift of Cone Health-Greensboro market share to the proposed outpatient center, and
- the applicant utilizes reasonable ramp-up periods and assumptions.

Access

The applicant adequately demonstrated the extent to which all residents, including underserved groups will have access to the proposed services in previously approved Project ID #G-11467-18 and there are no changes in this application that affect that determination, other than the two proposed additional services.

In Exhibit L.6, page 176, the applicant provides the projected payor mix for the second full fiscal year, FY2023, for the two additional services proposed in this application, as summarized below.

Payor Source	Outpatient Rehabilitation	Medical Oncology
Self-Pay	10.9%	9.9%
Medicare*	46.6%	59.7%
Medicaid *	11.0%	1.7%
Insurance*	31.4%	28.4%
Other (specified below)	0.1%	0.3%
TOTAL	100.0%	100.0%

*Including any managed care plans

Note Charity Care is not a payor source

Other includes Motor Vehicle Accident Liability Insurance, Behavioral Health LME, other non-specified insurance plans

The applicant includes the assumptions for the proposed payor mix by service in Exhibit L.6, page 177.

The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix in the previously approved Project ID #G-11467-18 was determined to be reasonable and adequately supported.
- The projected payor mix for the proposed rehabilitation and medical oncology services are based on the historic payor mixes for those services at existing Cone Health locations.

Conclusion

The Agency reviewed the:

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

Based on the 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, and
 - 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.

NA

The applicant does not propose to reduce or eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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 add hospital-based outpatient rehabilitation and medical oncology services at MedCenter Drawbridge. Cone Health was approved in Project ID #G-11467-18 to develop MedCenter Drawbridge, a hospital-based outpatient center, as a satellite campus in northwest Guilford County. MedCenter Drawbridge was approved to include an ED and diagnostic imaging center, to be licensed as part of Cone Health's hospital license #H0159, which includes Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point. The applicant now proposes to add outpatient rehabilitation and medical oncology services at MedCenter Drawbridge, which results in a change of scope for Project ID #G-11467-18.

In Section E.2, pages 41-42, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

1. Build a new outpatient rehabilitation center at a different location in the County – the applicant states that northwest Guilford County is projected to represent nearly one-third of the total projected population growth of Guilford County over the next three years. The applicant further states that this growth, combined with roadway infrastructure improvements, and residential growth in the area, indicate strong need for additional healthcare services in northwest Guilford County, rather than elsewhere. The applicant states that building a new outpatient rehabilitation center elsewhere would not take advantage of site work and building infrastructure already in place as

a result of the previously approved project, thereby increasing capital costs. For these reasons, the applicant deemed this alternative a less effective alternative.

2. Expand existing medical oncology services at Cone Health Cancer Center at Wesley Long – the applicant states that adding capacity at Wesley Long Hospital would alleviate capacity constraints; however, there is no available space in which to expand the existing footprint of the building and capital cost for construction there would exceed the cost of the proposed project. Therefore, this option was deemed to be a more costly and less effective alternative. Additionally, the proposed project locates services nearer to the proposed service area patients, thereby reducing the need to travel for chemotherapy.

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

- the applicant demonstrates that locations in other than northwest Guilford County do not exhibit as strong a need for additional healthcare services as northwest Guilford County,
- the applicant demonstrates that renovations to existing hospital space is a more costly and less effective alternative than providing the freestanding, outpatient services,
- the applicant provides adequate documentation regarding the development of the proposed project, including all related costs, and
- the data cited is reasonable and supports the assumptions made with regard to the least costly or most effective alternative for development of the proposed project.

Conclusion

The Agency reviewed the:

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

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. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall materially comply with all representations made in the certificate of need application.**
- 2. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall develop hospital-based outpatient rehabilitation services and hospital-based outpatient medical oncology services on the proposed MedCenter Drawbridge satellite campus.**

- 3. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 - 4. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall 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.**
 - 5. 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, The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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.**
 - 6. The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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 proposed project will add two service components (hospital-based outpatient rehabilitation and medical oncology services) to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope (COS) application for that project.

Capital and Working Capital Costs

In Section Q Form F.1b, page 96, the applicant projects the total capital cost of this project and compares that with the approved capital cost from Project ID #G-11467-18, as summarized in the table below.

**MedCenter Drawbridge Satellite Campus
 Capital Cost**

	Original Costs (Project ID #G-11467-18)	Total New Capital Cost	Additional Costs Projected for COS
Land	\$2,231,979	\$2,231,979	\$0
Site Preparation Costs	\$821,863	\$1,240,231	\$418,368
Construction Costs	\$12,245,438	\$17,956,282	\$5,710,844
Architect/Engineering Fees	\$905,689	\$1,248,340	\$342,651
Medical Equipment	\$5,375,733	\$5,824,958	\$449,225
Furniture	\$263,000	\$292,313	\$29,313
Consultant Fees	\$85,000	\$85,000	\$0
Other (specify)*	\$1,563,037	\$2,070,592	\$507,555
Total	\$23,491,739	\$30,949,695	\$7,457,956

Source: Section Q, Form F.1b, page 96

*Contains both information technology costs and security system costs as determined by Cone Health IT leadership and property management

In Section Q, page 97, the applicant provides the assumptions used to project the capital costs.

In Section F.3, pages 46-47, the applicant estimates the start-up costs at \$186,710 and initial operating expenses are estimated to be \$3,497,117, for a total working capital requirement of \$3,683,827.

Availability of Funds

In Section F.2, page 45, the applicant states:

“Applicant 1, The Moses H. Cone Memorial Hospital will provide accumulated reserves for the total capital cost of the change of scope.”

Exhibit F.2-1, page 122, contains a letter from Cone Health’s CFO documenting The Moses H. Cone Memorial Hospital’s plans to use unrestricted net assets to fund the change of scope for MedCenter Drawbridge, with capital costs budgeted at \$7,457,956 and working capital costs estimated at \$3,683,827. The availability of the funds is reflected in the Cone Health

2018 Audited Financial Statements provided in Exhibit F.2-2, showing cash and cash equivalents of \$62,354,000, current assets of \$458,047,000, and a net position of \$1,743,375,000. The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In the pro forma financial statements, Form F.2, the applicant projects that total projected revenues and expenses for each proposed service for the first three full fiscal years of operation, as well as the proposed revenues and expenses for the entire Cone Health system.

The following tables summarized from pages 103 and 106, respectively, show the projected revenues and expenses for the individual rehabilitation and medical oncology services proposed to be added in this change of scope application.

**Projected Revenue and Expenses
 MedCenter Drawbridge Outpatient Rehabilitation Services**

	PY1 FFY2022	PY2 FFY2023	PY3 FFY2024
Total Rehabilitation Visits	5,744	7,308	13,052
Total Gross Revenue (Charges)	\$690,900	\$1,245,347	\$1,649,195
Adjustments to Revenue*	\$422,929	\$754,373	\$988,206
Total Net Revenue	\$267,971	\$490,973	\$660,989
Average Net Revenue per Procedure	\$47	\$67	\$51
Total Operating Expenses	\$405,921	\$553,651	\$662,900
Operating Expense/Procedure	\$71	\$76	\$51
Net Income (Loss)	(\$137,950)	(\$62,678)	(\$1,912)

*Includes Charity Care and Bad Debt

**Projected Revenue and Expenses
 MedCenter Drawbridge Medical Oncology**

	PY1 FFY2022	PY2 FFY2023	PY3 FFY2024
Total Visits	11,017	11,439	11,879
Total Gross Patient Revenue (Charges)	\$32,461,758	\$42,839,632	\$78,254,528
Adjustments to Revenue*	\$21,044,635	\$26,950,047	\$48,550,977
Total Net Revenue	\$11,417,150	\$15,589,585	\$29,703,551
Average Net Revenue per Visit	\$1,036	\$1,363	\$2,501
Total Operating Expenses	\$10,463,247	\$11,403,095	\$19,582,973
Operating Expense/Visit	\$950	\$997	\$1,649
Net Income (Loss)	\$953,903	\$4,186,490	\$10,120,578

*Includes Charity Care and Bad Debt

As the tables above show, the outpatient rehabilitation service shows a net loss of almost \$2,000 by the third year of operation; however, the medical oncology service shows more than a \$10 million profit in the third year of operation.

Furthermore, the Cone Health system achieves a net profit of more than \$47 million in each of the first three years following completion of the proposed project, as summarized in the table below. (page 98)

Cone Health
Projected Revenue and Expenses in \$000s

	PY1 FFY2022	PY2 FFY2023	PY3 FFY2024
Total Gross Patient Revenue (Charges)	\$5,351,335	\$5,542,685	\$5,719,455
Total Other Revenue	\$252,835	\$270,351	\$288,926
Total Gross Revenue	\$5,604,170	\$5,813,036	\$6,008,381
Adjustments to Revenue*	\$3,211,965	\$3,337,851	\$3,447,965
Total Net Revenue	\$2,392,205	\$2,475,185	\$2,560,416
Total Operating Expenses	\$2,344,363	\$2,426,308	\$2,509,875
Net Income (Loss)	\$47,843	\$48,876	\$50,540

*Includes Charity Care and Bad Debt

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, and
- information which was publicly available during the review and used by the Agency.

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

- Project ID #G-11467-18, for which this project is a change of scope application, was found conforming to this criterion,
- the applicant adequately demonstrates that the additional capital and working capital costs are based on reasonable and adequately supported assumptions,
- the applicant adequately demonstrates availability of sufficient funds for the additional capital and working capital needs of the proposal, and
- 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 proposed project will add two service components (hospital-based outpatient rehabilitation and medical oncology services) to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope application for that project. Project ID #G-11467-18 was found conforming with this criterion.

Consistent with Project ID #G-1167-18, the applicant identifies the proposed service area, with the primary service area identified as Zip codes 27410, 27455, 27409, 27358, 27310, 27235, and 27357; and the secondary area identified as Zip codes 27025 and 27027 (Section Q). The Zip codes cover an area in northwest Guilford County, southwest Rockingham County and a small area in east Stokes County. Facilities may also serve residents of counties not included in their service area.

In Section G, pages 54-55, the applicant explains why it believes the proposal for the two additional services would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in the proposed service area. On page 55, the applicant states:

“The proposed change of scope will not result in any unnecessary duplication of services for medical oncology as there are no existing providers located in the proposed service area. It will also not result in unnecessary duplication for outpatient rehabilitation as the need for this service is based upon alleviating capacity constraints at existing Cone Health locations as described in Section C of this application.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- Project ID #G-11467-18, for which this project is a change of scope application, was found conforming to this criterion,
- the applicant adequately demonstrates that there are no existing or approved facilities or providers of medical oncology services within the project’s proposed service area, and
- the applicant adequately demonstrates that the outpatient rehabilitation services in northwest Guilford County are needed to serve patients in the proposed service area and to decompress capacity issues at other CH-G campuses.

Conclusion

The Agency reviewed the:

- application,

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

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

The proposed project will add two service components (hospital-based outpatient rehabilitation and medical oncology services) to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope application for that project.

In Section Q, the applicant provides a Form H Staffing for the proposed outpatient rehabilitation services and medical oncology services, as well as the Cone Health system. The outpatient rehabilitation Form H and the medical oncology Form H provide projected full-time equivalent (FTE) positions for the first three operating years are provided on pages 108 and 105, respectively, and summarized below.

**MedCenter Drawbridge Outpatient Rehabilitation Services
 Staffing**

Position	FFY2022 FTE	FFY2023 FTE	FFY2024 FTE
Administrative Support	1.00	1.00	1.00
Rehabilitation Specialists	1.33	2.26	2.87
TOTAL	2.33	3.26	3.87

Source: Section Q Form H, page 105

**MedCenter Drawbridge Medical Oncology Services
 Staffing**

Position	FFY2022 FTE	FFY2023 FTE	FFY2024 FTE
Administrative Support	7.70	7.70	7.70
Medical Technologists	0.50	0.50	0.50
Patient Care Support	1.50	1.50	1.50
Nursing	5.20	5.20	5.20
Pharmacists	1.00	1.00	1.00
TOTAL	15.90	15.90	15.90

Source: Section Q Form H, page 108

In Section H.1, page 56, the applicant refers to Form H and Section Q for the assumptions and methodology used to determine staffing needs for the two additional services proposed in this application. Adequate costs for the health manpower and management positions proposed by

the applicant are budgeted in the Forms F.3 for medical oncology and outpatient rehabilitation services, which are found in Section Q. The applicant does not propose any other staffing changes in this application. In Project ID #G-11467-18, the application was conforming to this criterion, and the applicant proposes no other changes in the current application that would affect that determination. Consequently, the change of scope application is conforming to this criterion.

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, and
- information which was publicly available during the review and used by the Agency.

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

The proposed project will add two service components (hospital-based outpatient rehabilitation and medical oncology services) to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope application for that project. Project ID #G-11467-18 was found conforming to this criterion.

In Section I, page 59, the applicant states that the only changes to the responses provided in that application would be the addition of medical directors for the two proposed service components: outpatient rehabilitation and medical oncology. Exhibit I.4 contains letters from Zachary T. Swartz, MD and Mohamed Mohamed, MD, current Cone Health medical directors for the proposed services, committing to serve as medical directors for those services at MedCenter Drawbridge.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and

- information which was publicly available during the review and used by the Agency.

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, this criterion is not applicable to this review. 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:
- would be available under a contract of at least 5 years duration;
 - would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - would cost no more than if the services were provided by the HMO; and
 - 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

The proposed project will add two service components (hospital-based outpatient rehabilitation and medical oncology services) to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope application for that project.

In Project I.D. # G-11467-18, the application was conforming to this criterion. In Section K, page 62, the applicant states that the proposed changes in the current application include the addition of 12,686 square feet (to house the two proposed additional service components) to the scope of the previously approved project. The applicant provides the line drawings in Exhibit K.1. The applicant states that there are no changes in this application that would change the other answers in Section K.

Conclusion

The Agency reviewed the:

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

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

- (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

The proposed project will add two service components to the previously approved satellite ED and imaging center in Project ID #G-11467-18; therefore, this is a change of scope application for that project.

In Project ID #G-11467-18, the application was conforming to this criterion and the applicant states it proposes no changes in the current application that would affect that determination.

The Agency reviewed the:

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

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

In Project ID #G-11467-18, the application was conforming to this criterion and the applicant states it proposes no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

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

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 Exhibit L.6, page 176, the applicant provides a table showing the projected payor mix for the proposed additional service components for the second operating year, as summarized below.

Payor Source	Outpatient Rehabilitation	Medical Oncology
Self-Pay	10.9%	9.9%
Medicare*	46.6%	59.7%
Medicaid*	11.0%	1.7%
Insurance*	31.4%	28.4%
Other	0.1%	0.3%
TOTAL	100.0%	100.0%

*Including any managed care plans

Other includes Motor Vehicle Accident liability insurance, Behavioral Health LME, and other non-specified insurance plans

As shown in the table above, during the second full fiscal year of operation, the applicant projects approximately 10% of the proposed services will be provided to self-pay patients, from 47% to 60% to Medicare patients and between 1.7% and 11.0% to Medicaid patients.

The projected payor mix is reasonable and adequately supported for the following reasons:

- Project ID #G-11467-18 was found conforming to this criterion,
- the projected payor mix of the new services is based on the historical payor mix of patients in the applicant's defined service area, and
- the applicant adequately demonstrates that medically underserved populations will have access to the proposed services.

The Agency reviewed the:

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

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 Project ID #G-11467-18, the application was conforming to this criterion and the applicant states it proposes no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

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

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 Project ID #G-11467-18, the application was conforming to this criterion and the applicant states it proposes no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately demonstrates the proposed services will accommodate the clinical needs of health professional training programs in the area. Therefore, the applicant adequately demonstrates that 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

In Project ID #G-11467-18, the application was conforming to this criterion and the applicant states it proposes no changes in the current cost overrun application that would affect that determination.

Conclusion

The Agency reviewed the:

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

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

Cone Health operates Moses Cone Hospital, Wesley Long Hospital, Women's Hospital, Behavioral Health Hospital, and MedCenter High Point under hospital license #H0159, which will also include the proposed outpatient center, MedCenter Drawbridge. In Section Q Form A, page 78, the applicant lists the hospitals currently owned, operated, or managed by Cone Health, which includes the facilities listed above, Annie Penn Hospital and Alamance Regional Medical Center. In Project ID #G-11467-18, the applicant states that Cone Health manages Randolph Hospital through a Management Services Agreement. The applicant states in Section O, page 75 of the application under review, that Cone Health has not operated out of compliance with any Medicare Conditions of Participation during the 18-month look-back period.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, Moses Cone Memorial Hospital, License #H0159, was surveyed on February 13, 2020 and found to be out of compliance with Medicare Conditions of Participation. However, the survey had not been completed at the time the application was submitted and because the survey was completed only two weeks ago, it has just been forwarded to the Regional Office and the applicant has not had the opportunity to respond. Therefore, an outcome has not been determined. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all Cone 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

There are no Criteria and Standards applicable to this review.