

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: March 26, 2020

Findings Date: March 26, 2020

Project Analyst: Ena Lightbourne

Team Leader: Gloria C. Hale

Project ID #: F-11806-19

Facility: Novant Health Mountain Island Lake

FID #: 190508

County: Mecklenburg

Applicant(s): The Presbyterian Hospital

Novant Health, Inc.

Project: Develop a satellite emergency department to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed at part of Novant Health Huntersville Medical Center

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 determination in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Presbyterian Hospital and Novant Health, Inc., collectively referred to hereinafter as “the applicant”, propose to develop Novant Health Mountain Island Lake (“NHMIL”), a satellite emergency department, (referred to as “FSED” or “ED”) to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of Novant Health Huntersville Medical Center (“NHHMC”).

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 is required to submit a plan for 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, page 22, the applicant provides a written statement describing its plan to work with the Agency’s Construction Section to assure improved energy efficiency and water conservation. On page 22, the applicant states:

“Novant Health will work with the Division of Health Service Regulation (DHSR) Construction Section to develop a plan that conforms to, or exceeds, energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes and that does not adversely affect patient or resident health, safety or infection control.”

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- 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 because the applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

- (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 develop NHMIL, a satellite ED to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of NHHMC.

In Section C, pages 23-27, the applicant describes the proposed project, including plans for the number of ED exam rooms, a two-room triage area, and a trauma room; plans for the provision of necessary diagnostic services, including the use of a CT scanner, ultrasound, and radiology; and plans for the provision of necessary laboratory and pharmacy services.

Patient Origin

The 2019 SMFP does not define a service area for emergency departments. In Section C, page 29, and Section Q, Form C, the applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant that are fully or partially within the proposed service area are 28012, 28037, 28120, 28164, 28202, 28208, 28214, 28216, 28262, 28269, 28078, 28273, and 28278. All but the following four ZIP codes are in Mecklenburg County, or are mostly within Mecklenburg County: 28164 (Gaston and Lincoln Counties); 28012 and 28120 (Gaston County) and 28037 (Lincoln County). Facilities may also serve residents of counties not included in their service area.

In Section C, page 27, the applicant states that the proposed project does not exist, therefore, does not have historical patient origin. However, for informational purposes, the applicant provides the historical patient origin for NHHMC based on their 2019 License Renewal Application (LRA). The applicant provides supporting documentation is Exhibit C-2. The proposed project will be licensed as part of NHHMC.

NHHMC Historical Patient Origin		
County	Last Full Fiscal Year 10/1/2017-9/30/2018	
	# of Patients	% of Total
Mecklenburg	26,403	69.9%
Iredell	3,084	8.2%
Lincoln	2,590	6.9%
Gaston	1,623	4.3%
Cabarrus	1,429	3.8%
Catawba	475	1.3%
Rowan	190	0.5%
Union	115	0.3%
Other*	1,867	4.9%
Total	37,776	100.0%

Source: Section C, page 28

*Includes: Alamance, Alexander, Anson, Ashe, Avery, Beaufort, Bertie, Bladen, Brunswick, Buncombe, Burke, Caldwell, Carteret, Chatham, Cleveland, Columbus, Craven, Cumberland, Dare, Davidson, Davie, Duplin, Durham, Edgecombe, Forsyth, Franklin, Granville, Guilford, Halifax, Harnett, Haywood, Henderson, Hoke, Johnston, Jones, Lee, Lenoir, Macon, Madison, McDowell, Montgomery, Nash, New Hanover, Northampton, Onslow, Orange, Pender, Person, Pitt, Polk, Randolph, Richmond, Robeson, Rockingham, Rutherford, Stanly, Stokes, Surry, Swain, Wake, Warren, Watauga, Wayne, Wilkes, and Yadkin counties from North Carolina, as well as other states and countries.

In Section C, page 29, the applicant states that the service area for the proposed project is the area within a 15-minute drive-time distance from its proposed site. The applicant projects the patient origin based on the number of outpatient ED visits by county in the thirteen ZIP codes that fall partially or entirely within the defined service area. The following table illustrates projected patient origin for the first three operating years (OY) of the project.

NHMIL Projected Patient Origin						
County	OY1 (CY) 2023		OY2 (CY) 2024		OY3 (CY) 2025	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Mecklenburg	8,066	84.0%	9,237	84.0%	10,448	84.0%
Gaston	1,085	11.3%	1,243	11.3%	1,405	11.3%
Lincoln	442	4.6%	506	4.6%	572	4.6%
Total	9,602 [9,593]	100.0%	10,996 [10,986]	100.0%	12,438 [12,425]	100.0%

Source: Section C, page 28

Note: the numbers in the brackets are the actual totals as calculated by the Project Analyst

In Section C, page 29, the applicant provides the assumptions and methodology used to project patient origin. The applicant used distance to proposed facility as a factor to determine the service area and used historical ED visits for those in the service area to project patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant sets a 15-minute drive time to the proposed facility due the time-sensitive nature of the injuries and illness needing emergency services.
- The applicant defines the service area by identifying the ZIP codes that fall into the 15-minute drive time.
- The applicant assumes that those living outside of the defined service area will also access services at the proposed facility.

Analysis of Need

In Section C, pages 30-39, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 30, the applicant states:

“Patients projected to use Novant Health Mountain Island Lake need access to additional emergency services capacity in an accessible location that offers a new choice for care in Mountain Island Lake.”

On page 31, the applicant describes the extent of the services it plans to offer at the satellite ED. The applicant states it will provide around-the-clock emergency services, which will include providing necessary diagnostic, laboratory, and pharmacy services. The applicant states that the diagnostic services will include a CT scanner, an ultrasound, and x-ray machines. The applicant further states that these diagnostic services are to be provided in conjunction with emergency room visits and will not be used to provide outpatient or scheduled diagnostic services for non-emergency services.

On pages 31-32, the applicant discusses the planning it undertook to determine how to address the health care needs in the Mecklenburg County area, and states it based the planning on the applicant's prior experience operating satellite EDs in Mecklenburg and surrounding counties.

On pages 32-39, the applicant discusses the individual factors that contribute to the need for the proposed project. Each factor is summarized below.

Novant Health Mountain Island Lake Service Area

The applicant states that population growth in the service area and the geographical access to ED services was considered when planning the proposed satellite ED. Based on ERSI data, a “mapping and spatial analytics software”, the applicant states that the service area is expected to see an addition of over 20,000 residents in the years between 2018 and the opening of the Novant Health Mountain Island Lake satellite ED. The applicant states that there are only two other providers located on the edge of the service area. To access these other facility options, Mountain Island Lake residents will face a 20 to 30-minute ride to access services. (pages 32-33)

State and County Population Growth and Aging Trends

The applicant states that the growing population, particularly the older population is a factor in considering the need for adequate ED capacity. The applicant used data from the North Carolina Office of State Budget and Management (OSBM) to determine the projected population in North Carolina, particularly the older population. The applicant states that the older population tends to utilize ED services more frequently. According to OSBM, by the second year of operation, one quarter of the Mecklenburg County population will consist of those 65 and older. The applicant provides supporting documentation in Exhibit C.4-1. (page 33)

Nation-Wide ED Use Trends

The applicant states that the nation-wide overall increase in ED utilization demonstrates the need for additional ED capacity in Mecklenburg County. The applicant used data from two medical journals, *Becker's Hospital Review* and the *JAMA Internal Medicine* to demonstrate the increase in ED utilization in the United States between 2006 and 2016. According to a December 2018 article in the *JAMA Internal Medicine*, there was an 18.4% increase in ED visits from 2006 through 2014 in the United States. (page 34)

Patient Access

The applicant states that residents of Mountain Island Lake will face a 20 to 30-minute drive to access existing emergency departments. The applicant states that older residents will face travel time obstacles resulting in patients forgoing needed health care or enduring potentially dangerous driving conditions such as heavy traffic and congestion. The applicant states that the proposed project will fulfill a need by reducing travel times and bringing needed health care capacities closer to the home for the residents. (pages 34-36)

ED Utilization in Mecklenburg County

The applicant provides data showing other EDs in Mecklenburg County operated by other providers experiencing volumes which meet or exceed the capacity ranges suggested by the American College of Emergency Physicians (ACEP). ACEP is a membership organization that provides guidance and advocacy to emergency physicians and their patients. The ED at NHHMC reported visits exceeding the maximum end of the ACEP guidelines range. Using historical data from other facilities and the *visits per room* guidelines suggested by ACEP, the applicant calculates the number of ED rooms that should be operated in Mecklenburg County. The applicant concludes that there is a deficit of 29 ED rooms.

Projected Utilization

In Section Q, Form C, page 13, the applicant provides projected utilization, as illustrated in the following table.

NHMIL Projected Utilization			
	OY 1 – CY 2021	OY 2 – CY 2022	OY 3 – CY 2023
Emergency Department			
# of Treatment Rooms	12	12	12
# of Visits	9,602	10,996	12,438
Laboratory	5,819	6,664	7,537
CT Scans			
# of Units	1	1	1
# of Scans	3,428	3,926	4,440
# of HECT Units	5,704	6,532	7,388
Fixed X-Ray *			
# of Units*	1	1	1
# of Procedures	4,647	5,322	6,020
Ultrasound			
# of Units	1	1	1
# of Procedures	663	759	858

*The applicant states it will also operate a portable x-ray unit.

In Section Q, pages 1-13, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1-Identify the Novant Health Service Area

The 2019 SMFP does not define a service area for emergency room departments. The applicant states that due to the time-sensitive nature of injuries and illnesses requiring emergency services, drive time is the most accurate measure of accessibility. The applicant determines the service area for NHMIL as the area within a 15-minute drive time to the proposed location. The applicant used ESRI data to determine the 15-minute drive time area surrounding the proposed location. (Section Q, page 1)

Step 2-Determine NHMIL Service Area Population

The applicant used ESRI data to determine the total population within the service area. The applicant states that the ESRI data is a trusted data source, therefore, its estimates are reasonable assumptions. According to the data, the projected population annual growth rate between 2018 and 2023 is 1.8%, as shown in the table below. (Section Q, pages 2-3)

	2018 Total Population	2023 Projected Total Population	2018-2023
NHMIL Service Area	215,071	235,627	1.8%

Source: Section Q, Form C, page 2

To determine the NHMIL service area population for the first three years of the project, the applicant applied the annual growth rate determined by ESRI. The applicant projects the total population for the first three years, as shown in the table below.

	2023 Projected Total Population PY1	2024 Projected Total Population PY2	2025 Projected Total Population PY3
NHMIL Service Area	235,627	239,868	244,186

Source: Section Q, Form C, page 3

Step 3-Calculate ED Use Rate

The applicant determined a use rate to reflect the extent of use of ED services among residents of the service area. The applicant states that in order to determine the ED use rate the following information had to be identified as discussed in Section Q, pages 3-5.

- *Thirteen-ZIP Code Area*
ESRI data identified the 13 ZIP codes that fall within the defined service area.
- *Total Population of the Thirteen-ZIP Code Area*
ESRI determined there were 500,353 individuals that made up the 2018 total population in the thirteen-ZIP code area.
- *Total Outpatient ED Visits in the Thirteen-ZIP Code Area*
The applicant relied on two data sources, Truven Health Analytics and SC-ORS, to determine that there were 189,313 total outpatient ED visits in the thirteen-ZIP code area in the last 12-month period ending September 2018.
- *Outpatient ED Visits Per 1,000 Population in the Thirteen-ZIP Code Area*
The 2018 population data and the Total outpatient ED visits were used to determine the outpatient ED visits per 1,000 population in the thirteen-ZIP code area, as illustrated below.

**Thirteen-Zip Code Area-Outpatient ED Visits per 1,000 Population
 12-Month Period Ending September 2018**

	2018 Total Population	2018 Outpatient ED Visits	ED Use Rate*
NHMIL Service Area	500,353	189,313	378.36

Source: Section Q, Form C, page 5

*Total 2018 outpatient visits/2018 total population = ED Use Rate

Step 4- Apply ED Use Rate to NHMIL Service Area Population

The applicant applied the ED Use Rate determined in Step 3 to the total projected population of the NHMIL 15-minute drive time service area (Step 2) to determine the projected NHMIL outpatient ED visits, as shown in the table below.

NHMIL Outpatient Visits by Projected Year

	NHMIL Service Area Population	ED Use Rate (Per 1,000 Population)	NHMIL ED Visits
PY1-2023	235,627	378.36	89,152
PY2-2024	239,868	378.36	90,756
PY3-2025	244,186	378.36	92,390

Source: Section Q, Form C, page 5

Step 5-Develop Market Share Assumptions

To develop projected market share assumptions, the applicant states it considered factors such as Novant Health ED experience in Mecklenburg County and the Mountain Island Lake area, the existing market share for Novant health facilities nearest to the service area, the 15-minute drive time area around the closest Novant Health facility and the market share for Atrium Health facilities in the service area. Using data from Truven Health Analytics and SC-ORS, the applicant determined that in 2018, NHHMC, the closest Novant Health facility to the proposed facility, had a 21% market share of the zip codes within a 15-minute drive to the facility and a 11.2% share in the NHMIL service area. The applicant projects a 11.2% share of the market since it aligns with NHHMC historical experience. The following table illustrates the projected market share assumptions for NHMIL FSED.

Market Share-Assumptions

	Projected Visits (Population x ED Use rate)	Market Share Assumptions	Projected Visits (Visits x Market Share)
PY1-2023	89,152	11.2%	9,985
PY2-2024	90,756	11.2%	10,165
PY3-2025	92,390	11.2%	10,348

Source: Section Q, Form C, page 8

Step 6-Determine Visits to be Provided to Out of Service Area Residents

To project utilization, the applicant determined the percentage of visits by those residing out of the defined NHMIL service area. The applicant assumes that NHMIL FSED will serve residents from areas outside of the thirteen-ZIP code area. The applicant states that based on historical experience of services provided to out of service area residents at NHHMC and other facilities, the applicant projects that 20.2% of total visits will be from residents outside of the service area.

Projected In-Migration-NHMIL

	Projected Visits (Visits x Market Share)	In-Migration (% of Total Visits)	Total Projected Visits
PY1-2023	9,985	20.2%	12,002
PY2-2024	10,165	20.2%	12,218
PY3-2025	10,348	20.2%	12,438

Source: Section Q, Form C, page 9

Step 7-Identify Utilization for PY1,2 and 3

The applicant projects an increase of visits across the first three years of the project. The applicant's assumptions are based on the expected increase in awareness of the new facility as a result of marketing and community outreach. The applicant assumes that due to issues with traffic congestion in Mecklenburg County, residents will choose to receive emergency services at a location that is more accessible. The table below demonstrates a 10% yearly increase for the first three operating years of the project.

Projected Growth in Visits-NHMIL FSED

	Total Projected Visits	Utilization Trend Increased	PY 1-3 Projected Visits*
PY1-2023	12,002	80%	9,602
PY2-2024	12,218	90%	10,996
PY3-2025	12,438	100%	12,438

Source: Section Q, Form C, page 10

*Total Projected Visits X Utilization Trends

Step 8 and 9-Assess ACEP Guidelines and Address Effects on Area Facilities

The applicant states that ACEP guidelines for emergency department design was considered when planning the proposed project. The applicant states that it considered ACEP guidelines suggesting eleven bays as within range for facilities anticipating an annual volume of 10,000 visits. The applicant also considered the effects of the proposed facility on other facilities in the area. The applicant states that despite the expected shift of patients from other facilities in the area, particularly Novant Health Presbyterian Medical Center and Novant Health Huntersville Medical Center, NHMIL FSED would still exceed the minimum ACEP guidelines in 2023. The applicant based this on the projected population growth in the area and the current volume experienced by other facilities. (Section Q, pages 10-13)

Step 10-Project Ancillary Services Utilization

The applicant again uses its experience operating NHHMC to project volume of ancillary services such as diagnostic imaging tests and laboratory services to ED visits. The applicant states that in addition to the other reasons previously stated, it believes NHHMC is an optimal facility to use for comparison because of the similarities in scope of services, location and arrangements. NHHMC also has ancillary services that are similar in nature to those proposed for NHMIL.

The 2017 and 2018 experience at NHHMC was used to determine the ratio of ancillary service volumes to ED volumes. The applicant states that the volumes projected below for the NHMIL CT scanner, ultrasound, x-ray, and laboratory indicate that these services will be well-utilized and operate within appropriate capacity expectations based on Novant Health historical experience.

**Historical Ratio of Ancillary Service Volume to Total Outpatient ED Visits
 Novant Health Huntersville Medical Center**

	CT Scans	HECT Units	X-Ray	Ultrasound	Lab
Ratio	0.357	0.594	0.484	0.069	0.606

Source: Section Q, Form C, page 13

The applicant then applied the ratios determined in Step 10, to its projected ED visits during the first three operating years. The results are shown in the table below.

Projected Utilization of Ancillary Services-NHMIL FSED

		CT Scans	HECT Units	X-Ray	Ultrasound	Lab
Ratio		0.357	0.594	0.484	0.69	0.606
PY1	Outpatient ED Visits	9,602	9,602	9,602	9,602	9,602
	Projection	3,428	5,704	4,647	663	5,819
PY2	Outpatient ED Visits	10,996	10,996	10,996	10,996	10,996
	Projection	3,926	6,532	5,322	759	6,664
PY3	Outpatient ED Visits	12,438	12,438	12,438	12,438	12,438
	Projection	4,440	7,388	6,020	858	7,537

Source: Section Q, Form C, page 13

Projected utilization for ED visits and ancillary services is reasonable and adequately supported based on the following:

- The applicant based projected utilization on its own historical experience operating similar services for a similar population to that proposed to be served.
- The applicant applies reasonable growth assumptions based on its historical experience for the proposed services.
- The applicant utilizes reasonable assumptions for market share and in-migration based on its historical experience.
- The applicant adequately explains why it proposes to develop the number of ED rooms and ancillary services to be offered.

Access

In Section C, page 43, the applicant states:

“The Novant Health Mountain Island Lake FSED will increase access to care. The increased access will be available to all physicians and patients. Novant Health and Novant Health Huntersville Medical Center provide services to all persons regardless of race, sex, age, religion, creed, disability, national origin or ability to pay.”

In Section L, page 80, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

Novant Health Mountain Island Lake Projected Payor Mix OY3, CY2025	
Payor Source	NHMIL FSED~
Self-Pay/Charity Care^	14.24%
Medicare*	23.35%
Medicaid*	15.20%
Insurance*	44.15%
Workers Compensation	1.10%
Other (Government)	1.96%
Total	100.00%

*Including any managed care plans

^Novant Health's internal data does not consider Charity Care a separate payor source; it is combined with Self-Pay. Patients in each category can and do receive Charity Care.

~Totals may not foot due to rounding

The projected payor mix is reasonable and adequately supported because the applicant used the historical payor mix of NHHMC outpatient ED visits for patients originating from the 13 ZIP codes within a 15-minute drive to NHMIL.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 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.

NA

The applicant does not propose to reduce a service, 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.

C

The applicant proposes to develop NHMIL, a satellite ED to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of NHHMC.

In Section E, pages 53-54, the applicant describes the alternatives it 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:

Not Filing an Application for a New FSED - The applicant states that as ED utilization continues to rise, insufficient emergency services capacity exists to meet the needs of Mountain Island Lake. The applicant states that increased population growth, urban development and associated traffic congestion in Mecklenburg County, causing delays in access for patients from the proposed service area were the reasons this alternative was less effective.

Expanding Emergency Department Capacity at NHHMC - The applicant states that expanding the ED would be a less effective alternative due to the space constraints and the down time impact on an already busy ED.

Developing a Freestanding Emergency Department Elsewhere - The applicant states that this was not an effective alternative because it would not address the rapid population growth and the lack of access to emergency services in the NHMIL services area.

On page 54, the applicant states that its proposal is the most effective alternative because it will provide time-critical interventions for serious emergencies requiring immediate care as well as non-emergent care to address a comprehensive array of patient needs. The applicant states that the proposed project will also address much-needed ED capacity in the area by providing additional ED capabilities in the Mountain Island Lake area.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The applicant has adequately demonstrated a need for ED services in the Mountain Island Lake area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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 Presbyterian Hospital and Novant Health, Inc. shall materially comply with all representations made in the certificate of need application.**
- 2. The Presbyterian Hospital and Novant Health, Inc. shall develop a satellite emergency department to include one CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed at part of Novant Health Huntersville Medical Center.**
- 3. The Presbyterian Hospital and Novant Health, Inc. 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 Presbyterian Hospital and Novant Health, Inc. 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 fiscal years of operation following initiation of the services authorized by this certificate of need, The Presbyterian Hospital and Novant Health, Inc. 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 Presbyterian Hospital and Novant Health, Inc. 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 develop NHMIL, a satellite ED to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of NHHMC.

Capital and Working Capital Costs

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

Capital Costs	Total
Purchase Price of Land	\$1,538,330
Closing Costs	\$50,000
Site Preparation	\$1,330,000
Construction/Renovation Contract(s)	\$18,497,907
Landscaping	\$130,000
Architect/Engineering	\$1,237,400
Medical Equipment	\$2,317,680
Furniture	\$647,512
Consultant Fees (CON) Consultant	\$100,000
Interest during Construction	\$2,517,856
Information Technology	\$1,339,680
Low Voltage (nurse call, overhead paging, CATV)	\$332,592
DHSR Review Cost	\$17,420
Special Inspections	\$50,000
Project Contingency	\$2,437,277
Total Capital Cost	\$32,543,654

In Section Q, the applicant provides the assumptions used to project capital cost.

In Section F, page 57, the applicant states that because the proposed project does not involve a new service, there are no start-up or initial operating expenses.

Availability of Funds

In Section F, page 56, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	The Presbyterian Hospital d/b/a NHHMC	Novant Health, Inc.	Total
Loans	\$ 0	\$0	\$0
Accumulated reserves or OE *	\$0	\$32,543,654	\$32,543,654
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$0	\$ 0	\$0

*OE = Owner's Equity

Exhibit F.2-1 contains a letter from the Senior Vice President of Operational Finance at Novant Health, Inc. authorizing the use of accumulated reserves for the capital needs of the project. Exhibit F.2-2 contains a copy of the Consolidated Financial Statements and supplemental information for Novant Health, Inc. and Affiliates for years ending December 31, 2017 and December 31, 2018. Novant Health, Inc. had adequate cash and assets to fund capital costs proposed in this 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 Section Q, Form F.2, the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below.

	OY1 CY2023	OY2 CY2024	OY3 CY2025
Total ED Visits	9,602	10,996	12,438
Total Gross Revenues (Charges)	\$38,023,202	\$44,406,628	\$51,241,474
Total Net Revenue	\$11,130,270	\$12,998,876	\$14,999,325
Average Net Revenue per Visit	\$1,159.16	\$1,182.15	\$1,206.00
Total Operating Expenses (Costs)	\$7,362,294	\$7,590,215	\$7,828,406
Average Operating Expense per Visit	\$766.74	\$690.27	\$629.39
Net Income	\$3,767,976	\$5,408,661	\$7,170,919

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

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

- The applicant adequately demonstrates that the capital costs are 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 develop NHMIL, a satellite ED to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of NHHMC.

The 2019 SMFP does not define a service area for emergency departments. The applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28012, 28037, 28120, 28164, 28202, 28208, 28214, 28216, 28262, 28269, 28078, 28273, and 28278. Facilities may also serve residents of counties not included in their service area.

In Section G, page 62, the applicant identified two other providers of ED services and one provider approved but not yet operational, as illustrated in the following table.

Facility	Type of ED	# of ED Rooms	# of ED Visits in FY17
NHHMC	Hospital	33	37,776
CaroMont Regional Medical Center*	Hospital	66	112,030
Atrium Health Mountain Island Emergency Department (not yet open)	Freestanding ED	N/A (will have 6)	N/A

Source: Section G, page 62

*CaroMont Regional Medical Center's main hospital emergency department and Mount Holly freestanding emergency department are combined because they are combined in the Truven data as well as on its Hospital License Renewal Application.

In Section G, page 63, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ED services in the proposed service area. The applicant states:

“...Mecklenburg County needs additional ED service capacity. Based on ED service volumes reported in the 2018 LRAs and the inventory of ED rooms, Mecklenburg County needs 29 more ED rooms using the average of the ACEP recommended range.”

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

- The applicant adequately demonstrates that current ED utilization is high enough to support additional ED services in the proposed service area.
- The applicant adequately demonstrates that the proposed satellite ED is needed in addition to the existing and approved ED services in the proposed service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on 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 14, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Novant Health Mountain Island Lake Projected FTE Staff		
	OY1 CY2023	OY2 CY2024	OY3 CY2025
Nurse Manager	1.00	1.00	1.00
Register Nurses	11.70	11.70	11.70
Aids/Orderlies	4.68	4.68	4.68
Laboratory Technicians	4.68	4.68	4.68
CT Technologists (X-ray Cross Trained)	4.68	4.68	4.68
Ultrasound Technologists	4.68	4.68	4.68
Housekeeping	4.68	4.68	4.68
Maintenance/Engineering	0.60	0.60	0.60
Public Safety	4.68	4.68	4.68
Patient Access	7.02	7.02	7.02
TOTAL	48.00	48.00	48.00

The assumptions and methodology used to project staffing are provided in Sections H and Q. 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. In Section H.2 and H.3, pages 67 and 68, respectively, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Section I, page 71, the applicant identifies the proposed medical director. In Exhibit I.3, the applicant provides a letter from the proposed medical director indicating an interest in serving as medical director for the proposed services. In Exhibits H.2 and H.3, the applicant provides supporting documentation.

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

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 69, the applicant states that all necessary ancillary and support services will be available, including:

- Laboratory Services
- Radiology
- Pharmacy Services
- Environmental
- Laundry Services
- Security

In Section I, page 69, the applicant explains how the necessary services will be made available. Exhibit I.1 contains a letter from the Senior Director Professional and Support Services documenting that all ancillary services necessary to support the proposed satellite ED will be provided as needed.

Although the project proposes a new satellite ED, the applicant already provides the proposed services in Mecklenburg County and has relationships with the existing health care system. Exhibit I-3 of the application contains letters from physicians expressing support for the proposed

project. Other letters from physicians expressing support for the proposed project were received by the Agency during the public comment period.

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
- Written comments

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 74, the applicant states that the project involves constructing 50,762 square feet of new space. Line drawings are provided in Exhibit C.1-3.

On page 74, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal and provides supporting documentation in Exhibit F.1-1.

On page 75, 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.

On page 75, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit B.11.

On pages 75-76, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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 79, the applicant provides the historical payor mix for NHHMC during the last full fiscal year before the submission of this application, as shown in the table below. The proposed ED will be licensed as part of NHHMC.

Novant Health Huntersville Medical Center Historical Payor Mix Last FFY, CY2018		
Payor Source	NHHMC (Entire Facility)	NHHMC (ED Only)
Self-Pay/Charity Care^	7.38%	13.79%
Medicare*	32.48%	24.53%
Medicaid*	9.49%	13.43%
Insurance*	47.52%	44.92%
Workers Compensation	0.79%	1.37%
Other (Government)	2.33%	1.97%
Total	100.00%	100.00%

*Including any managed care plans

^Novant Health's internal data does not consider Charity Care a separate payor source; it is combined with Self-Pay. Patients in each category can and do receive Charity Care.

~Totals may not foot due to rounding

In Section L, page 78, the applicant provides the following comparison.

	Percentage of Total Patients Served NHHMC during the Last Full CY2018	Percentage of the Population of the Service Area*
Female	60.1%	51.4%
Male	39.8%	48.6%
Unknown	0.07%	0.0%
64 and Younger	69.5%	89.1%
65 and Older	30.5%	10.9%
American Indian	0.3%	0.5%
Asian	1.4%	4.8%
Black or African-American	22.4%	43.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	67.9%	43.2%
Other Race	4.8%	7.7%
Declined / Unavailable	3.1%	0.0%

*The percentage can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

The Agency reviewed the:

- Application
- Exhibits to the application
- 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 79, the applicant states:

“While Novant Health Huntersville Medical Center is not obligated to provide any specific amount of uncompensated care, community service, or access to care by medically underserved persons (including minorities and handicapped persons), it has and will continue to provide medical care to all who need it,

regardless of race, color, religion, national origin, sex, age, disability, or source of payment.”

In Section L, page 80, the applicant states that during the last five years no patient civil rights 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.

The Agency reviewed the:

- Application
- Exhibits to the application

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 80, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Novant Health Mountain Island Lake FSED OY3, CY2025	
Payor Source	NHMIL FSED~
Self-Pay/Charity Care^	14.24%
Medicare*	23.35%
Medicaid*	15.20%
Insurance*	44.15%
Workers Compensation	1.10%
Other (Government)	1.96%
Total	100.00%

*Including any managed care plans

^Novant Health's internal data does not consider Charity Care a separate payor source; it is combined with Self-Pay. Patients in each category can and do receive Charity Care.

~Totals may not foot due to rounding

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 14.24% of total services will be provided to self-pay and charity care patients, 23.35% to Medicare patients and 15.20% to Medicaid patients.

On pages 80-81, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of

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

- The projected payor mix is based on the historical payor mix for NHHMC outpatient ED visits for patients originating from the 13 ZIP codes that correspond to the NHMIL 15-minute drive time service area.
- The applicant assumes that the factors leading patients to choose NHHMC as opposed to another facility, will be the same factors patients will choose the proposed NHMIL ED.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 83, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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 84, 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 H.2-1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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 develop NHMIL, a satellite ED to include 1 CT scanner, ultrasound, x-ray, laboratory, and pharmacy services that will be licensed as part of NHHMC.

The 2019 SMFP does not define a service area for emergency departments. The applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28012, 28037, 28120, 28164, 28202, 28208, 28214, 28216, 28262, 28269, 28078, 28273, and 28278. Facilities may also serve residents of counties not included in their service area.

Facility	Type of ED	# of ED Rooms	# of ED Visits in FY17
NHHMC	Hospital	33	37,776
CaroMont Regional Medical Center*	Hospital	66	112,030
Atrium Health Mountain Island Emergency Department (not yet open)	Freestanding ED	N/A (will have 6)	N/A

Source: Section G, page 62

*CaroMont Regional Medical Center’s main hospital emergency department and Mount Holly freestanding emergency department are combined because they are combined in the Truven data as well as on its Hospital License Renewal Application.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 86, the applicant states:

“This project will promote competition in the proposed service area because it will improve access to emergency services by diminishing travel times required to obtain such services... Novant Health Mountain Island Lake will foster competition for services among area providers, which will encourage the provision of quality health care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 86-87, the applicant states:

“As a new competitor in the Mountain Island Lake area, NHMIL will strive to offer ED services in an efficient manner. For instance, by offering on-site diagnostic services, patients facing emergent health issues can receive timely diagnoses and treatment that may avoid the necessity for further costly testing to rule out other conditions or address suspected issues.”

Regarding the impact of the proposal on quality, in Section N, page 87, the applicant states:

“Novant Health Mountain Island Lake is dedicated to ensuring quality care and patient safety and will adhere to all applicable licensure and certification standards. And, Novant Health Mountain Island Lake will adopt and maintain the highest standards and quality of care, mirroring the stellar track record of Novant Health in providing quality emergency services.”

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 87, the applicant states:

“Consistent with Novant Health policies, NHMIL will not turn away patients because of inability to pay, which will ensure access to emergency services by the medically indigent populations in the NHMIL Service Area.

...

Novant Health Mountain Island Lake will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation. Emergency services will be available and accessible to all persons having a clinical need for such services.

...

The proposed NHMIL FSED will be designed to ensure accessibility for handicapped persons and those with disabilities, as required by the Americans with Disabilities Act.”

Considering all the information in the application, the applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on:

- Cost-effectiveness (see Sections C, F, N and Q of the application and any exhibits)

- Quality (see Sections C, N and O of the application and any exhibits)
- Access to medically underserved groups (see Sections C, L and N 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

Based on that review, the Agency concludes that the application is conforming to this criterion based on 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 Q, Form A, the applicant identifies the health care facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 12 of this type of facility located in North Carolina.

In Section O, page 91, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy had not occurred in any of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care have not occurred in any of these facilities. 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 12 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.

C

The Criteria and Standards for Computed Tomography Equipment promulgated in 10A NCAC 14C .2300 are applicable to this review. The application is conforming to all applicable criteria. The specific criteria are discussed below.

10A NCAC 14C .2303 PERFORMANCE STANDARDS

An applicant proposing to acquire a CT scanner shall demonstrate each of the following:

- (1) *each fixed or mobile CT scanner to be acquired shall be projected to perform 5,100 HECT units annually in the third year of operation of the proposed equipment;*
- C- In Section C, page 47, the applicant projects that the CT scanner will perform 7,388 HECT units in the third year of operation (FY2025). This exceeds the minimum of 5,100 HECT units annually in the third year of operation as required by 10A NCAC 14C .2303. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (2) *each existing fixed or mobile CT scanner which the applicant or a related entity owns a controlling interest in and is located in the applicant's CT service area shall have performed at least 5,100 HECT units in the 12 month period prior to submittal of the application; and*
- C- In Section C, page 47, the applicant states that during the 12-month period (September 2018-August 2019) prior to submittal of the application, the two CT scanners at Novant Health Huntersville Medical Center performed over 5,100 HECT units. One scanner performed 6,424 HECT Units. The other CT scanner performed 34,788.5 HECT units.
- (3) *each existing and approved fixed or mobile CT scanner which the applicant or a related entity owns a controlling interest in and is located in the applicant's CT service area shall be projected to perform 5,100 HECT units annually in the third year of operation of the proposed equipment.*
- C- In Section C, page 47, the applicant states that there are two existing fixed or mobile CT scanners which the applicant or a related entity owns a controlling interest in and are located in the service area. The applicant states that given that both of these CT scanners operated well above 5,100 HECT units in the prior 12-month period, each CT scanner would perform well over 5,100 HECT units annually in the third year operation even without any growth.