

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: December 14, 2021

Findings Date: December 14, 2021

Project Analyst: Kim Meymandi

Co-Signer: Gloria C. Hale

Project ID #: L-12135-21

Facility: Fresenius Kidney Care Boice-Willis

FID #: 170325

County: Edgecombe

Applicant(s): Bio-Medical Applications of North Carolina, Inc.

Project: Relocate no more than six dialysis stations from BMA East Rocky Mount for a total of no more than 16 stations upon project completion

### REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

NA

Bio-Medical Applications of North Carolina, Inc. (hereinafter referred to as “the applicant” or “BMA”), proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to Fresenius Kidney Care Boice-Willis (FKC Boice-Willis) for a total of no more than 16 stations upon project completion.

#### **Need Determination**

Chapter 9 of the 2021 State Medical Facilities Plan (SMFP) provides a county need methodology and a facility need methodology for determining the need for new dialysis stations. According to Table 9C, page 137, the county need methodology shows there is no county need determination for additional dialysis stations in Edgecombe County. The applicant is proposing to relocate existing dialysis stations; therefore, the facility need methodology does

not apply to this proposal. Therefore, neither of the two need determination methodologies in the 2021 SMFP apply to this proposal.

**Policies**

The applicant proposes to relocate dialysis stations within the same county. Therefore, there are no policies applicable to this proposal.

**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 Criterion (1) is not applicable to this review.

- (2) Repealed effective July 1, 1987.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

C

The applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

FKC Boice-Willis does not currently serve home hemodialysis or peritoneal dialysis patients. The following table, summarized from data on page 15 of the application, shows the projected number of stations at FKC Boice-Willis upon project completion.

FKC Boice-Willis		
Stations	Description	Project ID #
10	Total existing certified stations in the SMFP in effect on the day the review will begin	
+6	Stations to be added as part of this project	L-12135-21
16	Total stations upon completion of proposed project and previously approved projects	

The following table shows the current and projected number of dialysis stations at BMA East Rocky Mount upon completion of this project.

<b>BMA East Rocky Mount</b>		
<b>Stations</b>	<b>Description</b>	<b>Project ID #</b>
30	Total existing certified stations as of December 31, 2019 in the 2021 SMFP in effect on the day the review will begin	
-6	Stations to be deleted as part of this project	L-12135-21
24	Total stations upon completion of proposed project and previously approved projects	

Source: 2021 SMFP

**Patient Origin**

On page 113, the 2021 SMFP defines the service area for dialysis stations as, “... the county in which the dialysis station is located. Each county comprises a service area except for two multicounty service areas: Cherokee, Clay and Graham counties and Avery, Mitchell, and Yancey counties.” Both FKC Boice-Willis and BMA East Rocky Mount are located in Edgecombe County. Thus, the service area for this application is Edgecombe County. Facilities may serve residents of counties not included in their service area.

In Sections C.2 and C.3, pages 23 and 24, the applicant provides the historical and projected in-center (IC) patient origin for FKC Boice-Willis during the last full operating year, January 1, 2020 – December 31, 2020 (CY 2020), and the projected patient origin for the second full operating year following project completion, January 1, 2024 – December 31, 2024 (CY 2024), as summarized in the following table:

<b>FKC Boice-Willis Historical and Projected Patient Origin</b>				
<b>County</b>	<b>Historical 01/01/2020-12/31/2020 (CY 2020)</b>		<b>Second Full FY of Operation following Project Completion 01/01/2024-12/31/2024 (CY 2024)</b>	
	<b>Patients</b>	<b>% of Total</b>	<b>Patients</b>	<b>% of Total</b>
Edgecombe	5	83.3%	45	90.0%
Nash	1	16.7%	4	8.0%
Halifax	0	0.0%	1	2.0%
Total	6	100.0%	50	100.0%

Source: Section C, pages 23-24

In Section C.3, pages 24-26, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

- FKC Boice-Willis was initially certified on December 4, 2020. By the end of December 2020, the patient population had increased from one patient to six patients and in the first seven months of 2021 the patient population increased by 13 patients. The applicant assumes the patient population will continue to increase.
- The applicant states that for the first seven months of 2021 the Tuesday-Thursday-Saturday (TTS) shift at FKC Boice-Willis has been dedicated to treating patients positive for COVID-19.

- The applicant assumes the effects of COVID-19 will ease as more people are immunized, allowing full utilization of all shifts at the FKC Boice-Willis facility and the projected transfer of 27 patients from BMA East Rocky Mount.
- The applicant projects that the relocated stations will be certified as of December 31, 2022. Therefore, Operating Year 1 (OY1) is Calendar Year (CY) 2023, January 1-December 31, 2023 and Operating Year 2 (OY2) is Calendar Year (CY) 2024, January 1-December 31, 2024.
- The applicant projects growth of the Edgecombe County patient census using the Five-Year average Annual Change Rate (AACR) of 3.8%, as published in the 2021 SMFP.

The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin at FKC Boice-Willis based on its existing population.
- The applicant increases the number of projected future patients based on the Five-Year AACR of Edgecombe County and the transfer of 27 IC patients from BMA East Rocky Mount, all of whom reside in Edgecombe County.
- The applicant does not project growth for patients residing outside of Edgecombe County.

### **Analysis of Need**

In Section C.4, pages 27-29, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states:

- BMA operates four dialysis facilities in Edgecombe County and the overall IC patient census at these facilities has increased by 10 patients in the first seven months of 2021, which is a growth rate of 3.003% over seven months and an annualized growth rate of 5.15%.
- All four dialysis facilities are within a three-mile radius of the approximate center of Rocky Mount.
- Patients have signed letters of support indicating their desire to transfer to FKC Boice-Willis for dialysis treatment upon project completion.
- The patient population requires frequent treatments. Patients typically receive three treatments per week and either dialyze on a Monday/Wednesday/Friday morning or afternoon or Tuesday/Thursday/Saturday morning or afternoon. If patients do not receive sufficient treatments, it will lead to the patients' demise.
- The applicant projects a utilization rate of 71.1%, or 2.84 patients per station as of the end of the first operating year of the project, which exceeds the minimum required by the performance standard.

The information is reasonable and adequately supported based on the following:

- The applicant begins the projections with the existing FKC Boice-Willis patient census as of August 1, 2021.

- The applicant projects 27 patients will transfer their care from BMA East Rocky Mount and provides letters of support from those patients expressing their willingness to consider a transfer to FKC Boice-Willis. See Exhibit C-3.
- The applicant uses the 2021 SMFP Edgecombe County Five-Year AACR to project a utilization rate of 71.1%, or 2.84 patients per station as of the end of the first operating year.
- The utilization rate by the end of OY1 is above the minimum standard of 2.8 patients per station per week.

Projected Utilization

In Section C.3, page 26 and Section Q, page 86, the applicant provides projected utilization, as illustrated in the following table.

<b>FKC Boice-Willis</b>	
The applicant begins with the Edgecombe County patient population as of August 1, 2021.	14
The applicant projects the Edgecombe County patient forward five months to December 31, 2021 using the Edgecombe County Five-Year AACR.	$14 \times [(0.038 / 12) \times 5] + 14 = 14.2$
The applicant projects the Edgecombe County patient population forward one year to December 31, 2022, using the Edgecombe County Five-Year AACR.	$14.2 \times 1.038 = 14.8$
The applicant adds 27 Edgecombe County patients from projected to transfer their care from BMA East Rocky Mount. This is the ending census for December 31, 2022.	$14.8 + 27.0 = 41.8$
The applicant adds the 5 patients from Nash and Halifax Counties. This is the projected starting census for this project.	$41.8 + 5.0 = 46.8$
The applicant projects the Edgecombe County population forward one year to December 31, 2023, using the Edgecombe County Five-Year AACR.	$46.8 \times 1.038 = 48.3$
The applicant adds the 5 patients from Nash and Halifax Counties. This is the project ending census for <b>Operating Year 1</b> .	$48.3 + 5.0 = 53.3$
The applicant projects the Edgecombe County population forward one year to December 31, 2024, using the Edgecombe County Five-Year AACR.	$53.3 \times 1.038 = 55.3$
The applicant adds the 5 patients from Nash and Halifax Counties. This is the project ending census for <b>Operating Year 2</b> .	$55.3 + 5.0 = 60.3$

At the end of OY1 (CY2023) FKC Boice-Willis is projected to serve 48.3 in-center patients on 16 stations; and at the end of OY2 (CY2024) the facility is projected to serve 50.0 in-center patients on 16 stations.

The projected utilization rates for the first two operating years are as follows:

- OY1: 3.02 patients per station per week, or 75.5% utilization [48.3 patients / 16 stations =  $3.02 / 4 = 0.755$ ].
- OY2: 3.13 patients per station per week, or 78.3% utilization [50.0 patients / 16 stations =  $3.13 / 4 = 0.783$ ].

The projected utilization of 3.02 patients per station per week at the end of OY1 exceeds the minimum standard of 2.8 in-center patients per station per week required by 10A NCAC 14C .2203(b).

In Section Q, Form C, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant states that FKC Boice-Willis was certified for operations December 4, 2020 and increased its patient census from one patient to six patients by the end of December 2020.
- The applicant states that in an effort to contain the spread of COVID-19, the patient census at FKC Boice-Willis has been kept low. For the first seven months of 2021 the Tuesday-Thursday-Saturday (TTS) shift has been dedicated to treating patients positive for COVID-19.
- The applicant assumes that as the COVID-19 pandemic becomes more manageable, dialysis shifts at FKC Boice-Willis will become more available, allowing for the transfer of 27 IC patients from BMA East Rocky Mount.
- The applicant provides letters of support in Exhibit C-3 from 27 patients indicating their support for the project and willingness to transfer to FKC Boice-Willis upon project completion.
- The applicant uses the Edgecombe County Five-Year AACR of 3.8%, as published in the 2021 SMFP to project patient growth.
- The applicant assumes the patients residing in Nash and Halifax counties will continue to dialyze at FKC Boice-Willis but does not project any growth for this segment of the population.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant begins projections with the existing Edgecombe County patient population at FKC Boice-Willis as of August 1, 2021.
- The applicant projects growth in the Edgecombe County patient population using the Edgecombe County Five Year AACR of 3.8%, as reported in the 2021 SMFP.
- The applicant does not project growth for patients residing outside of Edgecombe County.
- The patient origin of the patients expressing a willingness to transfer from BMA East Rocky Mount to FKC Boice-Willis is Edgecombe County and their letters state that FKC Boice-Willis is a more convenient location.
- The utilization rate by the end of OY1 is above the minimum standard of 2.8 patients per station per week.

### **Access to Medically Underserved Groups**

In C.6, pages 31-32 the applicant states:

*“Each of our facilities has a patient population which includes low-income persons, racial and ethnic minorities, women, handicapped persons, elderly, or other traditionally underserved persons.*

...

*It is corporate policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, or health insurer.”*

The applicant provides the estimated percentage for each medically underserved group during the second operating year, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	26.3%
Racial and ethnic minorities	89.5%
Women	63.2%
Persons with Disabilities	47.4%
The elderly	26.3%
Medicare beneficiaries	57.9%
Medicaid recipients	36.8%

Source: Table on page 32 of the application.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- Fresenius Medical Care related facilities have a history of providing services to low-income persons, racial and ethnic minorities, women, handicapped persons, elderly, or other traditionally underserved persons.
- The applicant’s estimated percentage for each underserved group is based upon FKC Boice-Willis’ recent experience.

### **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 all the reasons described above.

- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

The following table shows the projected number of stations at BMA East Rocky Mount upon project completion.

<b>BMA East Rocky Mount</b>		
County where the facility is located		Edgecombe
1	Total number of existing, approved, and proposed dialysis stations as of the application deadline	30
2	Number of existing dialysis stations to be reduced, relocated or eliminated in this proposal	-6
3	Total number of dialysis station upon completion of this project and all other projects involving this facility	24

Source: Section D, page 37

In Section D, pages 37, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 37, the applicant states:

*“BMA projects to relocate six dialysis stations from BMA East Rocky Mount. As this project is completed BMA also projects 27 in-center dialysis patients to transfer their care to the FKC Boice-Willis facility. BMA does not expect this relocation of stations will have any adverse effect on the patient population remaining at BMA East Rocky Mount.”*

On page 39, the applicant provides a table which shows projected BMA East Rocky Mount utilization assuming the relocation of six stations to the FKC Boice-Willis facility. In reviewing the information, the Project Analyst noted discrepancies in the county of patient origin as reported elsewhere in the application and the respective County Five Year AACR as reported in the 2021 SMFP. The Project Analyst performed calculations using information as reported on the 2020 License Renewal Application and the County Five Year AACRs found in the 2021 SMFP. These calculations are shown in [] and demonstrate no material difference in the projected utilization for BMA East Rocky Mount. The information as calculated by the applicant and Project Analyst is summarized below:



<b>BMA East Rocky Mount</b>		
	<b>Edgecombe</b>	<b>Nash</b>
Begin with the respective county in-center patient population as of December 31, 2020.	76	32
Project the patient population forward for one year to December 31, 2021, using the County Five Year AACR.	$76 \times 1.038 = 78.9$	$32 \times 1.012 = 32.4$
Sum the Edgecombe and Nash patients and add the patients from Halifax and Wilson Counties. This is the projected year end census for 2021.	$78.9 + 32.4 + 3 + 1 = 114.3$	
Project the patient population forward for one year to December 31, 2022, using the County Five Year AACR.	$78.9 \times 1.038 = 81.9$	$32.4 \times 1.014 = 33.6$ [ $32.4 \times 1.012 = 32.8$ ]
Sum the Edgecombe and Nash patients and add the patients from Halifax and Wilson Counties. This is the projected year end census for 2021.	$81.9 + 33.6 + 3 + 1 = 118.6$ [119.5] [ $81.9 + 32.8 + 3 + 1 = 118.7$ ]	
Subtract the 27 Edgecombe County patients projected to transfer their care. This is the projected census for the date the stations have been relocated.	$118.6 - 27 = 91.6$ [ $118.7 - 27 = 91.7$ ]	

The applicant projects to serve 91.6 [91.7] in-center patients on 24 stations as of the date the stations are projected to be relocated. Thus, the applicant projects that BMA East Rocky Mount will have a utilization rate of 95.42% or 3.82 patients per station per week ( $91.6 \text{ patients} / 24 \text{ stations} = 3.8166 / 4 =$  or 95.42%).

The 2021 SMFP, Table 9D shows that BMA East Rocky Mount qualifies to apply for up to 13 additional stations in 2021. In 2021 the facility submitted one application (Project ID# L-12160-21) to add six dialysis stations at BMA East Rocky Mount and the review begins December 1, 2021.

In Section D, page 38, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant projects that the relocated stations will be certified as of December 31, 2022.
- The applicant begins projections of the future patient population served by the BMA East Rocky Mount facility with the Edgecombe and Nash County populations as of December 31, 2020.
- The applicant projects growth of the Edgecombe and Nash County patient census' using the Edgecombe County AACR of 3.8% and Nash County AACR of 1.2%, as published in Table 9B of the 2021 SMFP.
- According to the December 2020 ESRD Data Collection Forms submitted to the Agency, 32 in-center patients were residing in Nash County. The applicant projects growth of this segment of the patient population using the Nash County Five-Year AACR of 1.2%, as published in the 2021 SMFP.

- The applicant projects that the facility will continue to serve the four in-center patients residing in Halifax and Wilson Counties which are contiguous to Edgecombe County. The applicant assumes these patients will continue dialysis with the facility and does not project any growth for this segment of the patient population. The applicant states that these patients will be added to projections of future patient populations at the appropriate time.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant begins projections of the future patient population served by the BMA East Rocky Mount facility as of December 31, 2020.
- The applicant projects growth using the 2021 SMFP County Five-Year AACR for Edgecombe and Nash Counties, respectively.
- The applicant projects that the facility will continue to serve the four in-center patients residing in Halifax and Wilson Counties and does not project any growth for this segment of the patient population.
- The utilization rate by the end of OY1 is above the minimum standard of 2.8 patients per station per week.

### **Access to Medically Underserved Groups**

In Section D, page 40, the applicant states:

*“Each of our facilities has a patient population which includes low-income persons, racial and ethnic minorities, women, handicapped persons, elderly, or other traditionally underserved persons. It is corporate policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, or health insurer.”*

The applicant provides the estimated percentage for each medically underserved group during the second operating year, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	60.3%
Racial and ethnic minorities	95.7%
Women	50.0%
Persons with Disabilities	88.8%
The elderly	40.5%
Medicare beneficiaries	48.3%
Medicaid recipients	60.3%

Source: Table on page 40 of the application.

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use dialysis services will be adequately met following completion of the project for the following reasons:

- Fresenius Medical Care related facilities have a history of providing services to low-income persons, racial and ethnic minorities, women, handicapped persons, elderly, or other traditionally underserved persons.
- The applicant's estimated percentage for each underserved group is based upon BMA East Rocky Mount's recent experience.

### **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 demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

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

### CA

The applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion. In Section E.2, page 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 identified need. The alternatives considered were:

- *Maintain the Status Quo* - The applicant states that maintaining the status quo is not an effective alternative because this alternative fails to recognize the growing patient population and there are a significant number of patients supporting the relocation. Therefore, the applicant determined this is not the most effective alternative.
- *Relocate more than six stations* - The applicant states that relocating more than six stations would require a physical plant expansion and thus significant capital

expenditure to develop additional space. Therefore, the applicant determined this is not the least costly nor most effective alternative.

- *Relocate fewer than six stations* - The applicant states that relocating fewer than six stations is less effective because there is high demand for dialysis at FKC Boice-Willis and could result in delays of treatment due to a lack of capacity. Therefore, the applicant determined this is not the most effective alternative.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why they believe the proposed project is the most effective alternative.
- The applicant can address high utilization rates and avoid possible patient admission interruptions while avoiding the capital expense of a physical plant expansion.

### **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. Bio-Medical Applications of North Carolina, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall relocate no more than six in-center stations from BMA Rocky Mount to Fresenius Kidney Care Boice-Willis for a total of no more than 16 in-center stations upon project completion.**
- 3. Upon completion of this project, the certificate holder shall take the necessary steps to decertify six in-center stations at BMA Rocky Mount for a total of no more than 24 in-center stations at BMA Rocky Mount.**
- 4. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at:**  
<https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.

- b. **The certificate holder shall complete all sections of the Progress Report form.**
  - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. **Progress reports shall be due on the first day of every Fourth month. The first progress report shall be due on June 1, 2022. The second progress report shall be due on October 1, 2022 and so forth.**
5. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

**Capital and Working Capital Costs**

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

Site Costs	\$0
Construction Costs	\$0
Miscellaneous Costs	\$22,500
<b>Total</b>	<b>\$22,500</b>

In Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides the specific costs related to each station.
- The applicant has knowledge and experience in calculating costs related to the relocation of ESRD stations.

In Section F, page 42, the applicant states there will be no working capital cost because FKC Boice-Willis is an operational facility.

**Availability of Funds**

In Section F, page 43, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Fresenius Medical Care Holdings, Inc.	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$22,500	\$22,500
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$22,500	\$22,500

\* OE = Owner's Equity

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- Exhibit F-2 contains a letter dated September 15, 2021, from Senior Vice President and Treasurer for Fresenius Medical Care Holdings, Inc., parent company to Bio-Medical Applications of North Carolina, Inc., authorizing the use of accumulated reserves for the capital needs of the project.
- The applicant documents that it has adequate cash and assets to fund the capital cost of the proposed project.

**Financial Feasibility**

The applicant provided pro forma financial statements for the first two 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 two full fiscal years following completion of the project, as shown in the table below.

**FKC Boice-Willis Projected Revenue and Operating Expenses**

	1 <sup>ST</sup> FULL FISCAL YEAR CY 2023	2 <sup>ND</sup> FULL FISCAL YEAR CY 2024
Total Treatments	7,038	7,278
Total Gross Revenue (charges)	\$44,277,469	\$45,783,110
Total Net Revenue	\$1,907,961	\$1,972,841
Average Net Revenue per Treatment	\$271	\$271
Total Operating Expenses (costs)	\$1,901,548	\$1,944,568
Average Operating Expense per Treatment	\$270	\$267

<b>Net Income / Profit</b>	\$6,414	\$28,273
----------------------------	---------	----------

\*Source: application Form F.2, Section Q

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Contractual adjustments are calculated by payor class and modality for each year.
- Salary expenses are projected to increase at a rate of 2.0% annually.
- The employer pays 36% of the staff expense for benefits and payroll taxes.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 for the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
  - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
  - 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 revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

### C

The applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

On page 113, the 2021 SMFP defines the service area for dialysis stations as “*the service area is the county in which the dialysis station is located. Each county comprises a service area except for two multicounty service areas: Cherokee-Clay-Graham counties and Avery-Mitchell-Yancey counties.*” Both FKC Boice-Willis and BMA Rocky Mount are located in Edgecombe County. Thus, the service area for these facilities is Edgecombe County. Facilities may serve residents of counties not included in their service area.

According to Table 9A of the proposed 2022 SMFP and information provided by the applicant in Section G page 50, there are four existing or approved dialysis facilities in Edgecombe County, three of which are owned and operated by BMA. Information on these dialysis facilities is summarized below:

**Edgecombe County Dialysis Facilities**

Dialysis Facility	Owner	Certified Stations as of 12/31/2020	# of IC Patients as of 12/31/2020	Percent Utilization as of 12/31/2020	Patients Per Station Per Week as of 12/31/2020	Number of Additional Approved Stations
BMA East Rocky Mount	BMA	30	112	93.33%	3.7333	0
FKC Boice-Willis	BMA	10	6	15.00%	0.6000	0
FMC Tarboro	BMA	14	47	83.93%	3.3571	0
Dialysis Care of Edgecombe County	Davita	35	41	29.29%	1.1714	0
<b>Total</b>		<b>89</b>	<b>206</b>	<b>57.87%</b>		

Source: Proposed 2022 SMFP, Table 9A, pages 122-123 & application Section G page 50

In Section G, page 50, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved dialysis services in Edgecombe County. The applicant states:

*“The applicant is not proposing to develop new dialysis stations by this proposal. The applicant proposes to relocate existing certified dialysis stations within Edgecombe County. These stations have been previously approved and do not duplicate services.”*

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

- The proposal would not result in a surplus of stations or increase an existing surplus of stations in Edgecombe County.
- The applicant adequately demonstrates that the proposed relocation of the six stations is needed in addition to the existing or approved dialysis stations in Edgecombe County.

**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 for all 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 applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

In Section Q Form H Staffing, the applicant provides a table showing current and projected staffing in full time equivalent (FTE) positions for FKC Boice-Willis, as illustrated in the following table.

Position	Current FTE Staff	Projected FTE Staff	Projected FTE Staff
		OY1 (1/1/2023 to 12/31/2023)	OY2 (1/1/2024 to 12/31/2024)
Administrator	1.00	1.00	1.00
Registered Nurses (RN)	1.00	2.00	2.00
Technicians (PCT)	2.00	5.00	5.00
Dietician	0.20	0.50	0.50
Social Worker	0.20	0.50	0.50
Maintenance	0.50	0.50	0.50
Admin/Business Office	0.50	0.50	0.50
Director of Operations	0.15	0.15	0.15
Chief Technician	0.10	0.10	0.10
FMC In-Service	0.10	0.10	0.10
<b>TOTAL</b>	<b>5.75</b>	<b>10.35</b>	<b>10.35</b>

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.4 Operating Costs. In Section H, pages 52-53, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant projects an increase in the FTE staffing positions necessary to accommodate the proposed increase in healthcare services at FKC Boice-Willis.
- The increased costs are accounted for in the budgeted Operating Costs.
- The methods used to recruit or fill new positions and the existing training and continuing education programs are provided.

### **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 described 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 applicant proposes to relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

### **Ancillary and Support Services**

In Section I, pages 54-59, the applicant identifies the necessary ancillary and support services for the proposed services and explains how each ancillary and support service is and will continue to be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant identifies the necessary ancillary and support services for dialysis patients located in or near Edgecombe County and how these will be made available.
- The applicant describes how the necessary ancillary and support services will be coordinated with the existing healthcare system.

### **Coordination**

In Section I, page 59, the applicant describes its existing relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant has numerous years of experience serving the needs of dialysis patients.

- The applicant has established relationships with community health care and ancillary service providers where dialysis patients can receive appropriate referrals for necessary services related to their condition.
- The applicant provides a letter from the Medical Director in Exhibit H-4, committing to the continuation of the established relationships.

### **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.

- (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.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

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

NA

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

- (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 ... persons [with disabilities], 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 66, the applicant states that FKC Boice-Willis was certified on 12/4/2020 and has not experienced a full fiscal year. The applicant also states that by year end of 2020 they provided 50 dialysis treatments, all of which were covered by Medicare. The historical payor mixes for FKC Boice-Willis and BMA East Rocky Mount for the period 1/1/2020 through 12/31/2020 is provided by the applicant and shown in the table below.

**1/1/2020 to 12/31/2020**

Payor Source	FKC Boice-Willis		BMA East Rocky Mount	
	# of Patients	% of Total	# of Patients	% of Total
Self-Pay	0.0	0.0%	0.3	0.31%
Insurance*	0.0	0.0%	3.5	3.14%
Medicare* (including Medicare Advantage)	6.0	100.0%	93.2	83.19%
Medicaid*	0.0	100.0%	10.1	8.98%
Other (including VA)	0.0	0.0%	4.9	4.39%
<b>Total</b>	<b>6.0</b>	<b>100.0%</b>	<b>112.0</b>	<b>100.00%</b>

Source: Tables on pages 67-68 of the application.

\*Including any managed care plans.

The applicant also offers the historical payor mix for FKC Boice-Willis for the time period 12/4/2021 through 7/31/2021 as shown in the table below.

**12/4/2021 to 7/31/2020**

Payor Source	FKC Boice-Willis	
	# of Patients	% of Total
Self-Pay	0.0	0.0%
Insurance*	0.9	4.9%
Medicare* (including Medicare Advantage)	18.1	95.1%
Medicaid*	0.0	100.0%
Other (including VA)	0.0	0.0%
<b>Total</b>	<b>19.0</b>	<b>100.0%</b>

Source: Tables on page 67 of the application.

\*Including any managed care plans.

In Section L, page 69, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full OY		Percentage of the Population in the Service Area *
	FKC Boice-Willis	BMA East Rocky Mount	
Female	63.2%	50.0%	53.8%
Male	36.8%	50.0%	46.2%
Unknown	0.0%	0.0%	0.0%
64 and Younger	73.7%	59.5%	79.6%
65 and Older	26.3%	40.5%	20.4%
American Indian	0.0%	0.9%	0.8%
Asian	0.0%	0.0%	0.3%
Black or African-American	89.5%	94.8%	57.8%
Native Hawaiian or Pacific Islander	0.0%	0.0%	0.1%
White or Caucasian	10.5%	2.6%	36.0%
Other Race	0.0%	1.7%	5.0%
Declined / Unavailable	0.0%	0.0%	0.0%

\*The percentages can be found online using the United States Census Bureau's QuickFacts which is at:

<https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

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 persons with disabilities 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, the applicant states in Section L, page 70, that the facility is not under any obligation to provide uncompensated care, community service, or access by minorities and handicapped persons.

In Section L, page 70, the applicant states that during the 18 months immediately preceding the application deadline 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.3, page 70, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as summarized in the following table.

Payment Source	In-Center Dialysis	
	# of Patients	% of Total
Self-pay	0.2	0.31%
Insurance*	1.6	3.14%
Medicare*	41.6	83.19%
Medicaid*	4.5	8.98%
Miscellaneous (incl. VA)	2.2	4.39%
<b>Total</b>	<b>50.0</b>	<b>100.00%</b>

Totals may not sum due to rounding

\*Including any managed care plans

As shown in the table above, in the second full year of operation, the applicant projects that 0.31% of in-center dialysis services will be provided to self-pay patients, 83.19% to Medicare patients, and 8.98% to Medicaid patients.

On page 71, the applicant provides the assumptions and methodology it uses to project payor mix during the second full year of operation following completion of the project, stating the payor mix is based upon recent facility history of actual treatment volumes.

The projected payor mix is reasonable and adequately supported because the projected payor mix is based on the historical payor mix and treatment volumes of BMA East Rocky Mount.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L.5, page 72, 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 74, 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 M-2. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- The applicant offers the facility as a clinical learning site for students from Nash Community College.
- The applicant provides a copy of the letter sent to Nash Community College offering training opportunities in Exhibit M-2.

### **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 relocate no more than six dialysis stations from BMA East Rocky Mount to FKC Boice-Willis for a total of no more than 16 stations upon project completion.

On page 113, the 2021 SMFP defines the service area for dialysis stations as “*the service area is the county in which the dialysis station is located. Each county comprises a service area except for two multicounty service areas: Cherokee-Clay-Graham counties and Avery-Mitchell-Yancey counties.*” Both FKC Boice-Willis and BMA Rocky Mount are located in Edgecombe County. Thus, the service area for these facilities is Edgecombe County. Facilities may serve residents of counties not included in their service area.

According to Table 9A of the proposed 2022 SMFP and information provided by the applicant in Section G page 50, there are four existing or approved dialysis facilities in Edgecombe County, three of which are owned and operated by BMA. Information on these dialysis facilities is summarized below:

**Edgecombe County Dialysis Facilities**

Dialysis Facility	Owner	Certified Stations as of 12/31/2019	# of IC Patients as of 12/31/2019	Percent Utilization as of 12/31/2019	Patients Per Station Per Week as of 12/31/2019	Number of Additional Approved Stations
BMA East Rocky Mount	BMA	30	112	93.33%	3.7333	0
FKC Boice-Willis	BMA	10	6	15.00%	0.6000	0
FMC Tarboro	BMA	14	47	83.93%	3.3571	0
Dialysis Care of Edgecombe County	Davita	35	41	29.29%	1.1714	0
<b>Total</b>		<b>89</b>	<b>206</b>	<b>57.87%</b>		

Source: Proposed 2022 SMFP, Table 9A, pages 122-123 & application Section G page 50

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 75, the applicant states:

*“The applicant does not project to serve dialysis patients currently being served by another provider.*

...

*With this application, the applicant seeks the opportunity to continue providing dialysis care and treatment to the patients of the area who have expressed their desire to receive dialysis care and treatment at FKC Boice-Willis.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 76, the applicant states:

*“Approval of this application will allow the facility to serve patients of the area in a convenient setting. As a result, these patients will have a shorter commute to and from dialysis treatment . This is an immediate and significantly positive impact to the patients of the area.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 76, the applicant states:

*“Quality of care is always in the forefront at Fresenius Medical Care related facilities...Fresenius Medical Care, parent organization for this facility, expects every facility to provide high quality care to every patient at every treatment.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 76, the applicant states:

*“All Fresenius Medical Care related facilities in North Carolina have a history of providing dialysis services to the underserved populations of North Carolina.*

....

*It is corporate policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, or any other factor that would classify a patient as underserved. ”*

See also Sections L and C of the application and any exhibits.

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, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

## **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 based on all the reasons described 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, pages 103-107, the applicant identifies the kidney disease treatment centers located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O.2, page 81, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents of immediate jeopardy have not occurred in any of these facilities. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 126 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.

G.S. 131E-183 (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 End Stage Renal Disease Services promulgated in 10A NCAC 14C .2200 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

**SECTION .2200 – CRITERIA AND STANDARDS FOR END-STAGE RENAL DISEASE SERVICES**

**10A NCAC 14C .2203**

**PERFORMANCE STANDARDS**

- (a) *An applicant proposing to establish a new kidney disease treatment center or dialysis facility shall document the need for at least 10 stations based on utilization of 2.8 in-center patients per station per week as of the end of the first 12 months of operation following certification of the facility, with the exception that the performance standard shall be waived for a need in the State Medical Facilities Plan that is based on an adjusted need determination.*
- NA- The applicant does not propose to establish a new kidney disease treatment center or dialysis facility. Therefore, this performance standard is not applicable to this review.
- (b) *An applicant proposing to increase the number of dialysis stations in:*  
(1) *an existing dialysis facility; or*  
(2) *a dialysis facility that is not operational as of the date the certificate of need application is submitted but has been issued a certificate of need;*  
*shall document the need for the total number of dialysis stations in the facility based on 2.8 in-center patients per station per week as of the end of the first 12 months of operation following certification of the additional stations.*
- C- In Section C, page 26 and Section Q, page 86, the applicant projects that FKC Boice-Willis will serve 48.3 in-center patients on 16 stations, or a utilization rate of 3.02 patients per station per week or 75.5% ( $48.3 / 16 = 3.019 / 4 = 0.755$  or 75.5%), as of the end of the first operating year (CY2023) following project completion. This exceeds the minimum performance standard requirement of 2.8 patients per station per week. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (b) *An applicant shall provide all assumptions, including the methodology by which patient utilization is projected.*
- C- In Section C.3, pages 24-25, and Section Q, pages 85-86, the applicant provides the assumptions and methodology it uses to project utilization of the facility. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.