

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 1, 2021

Findings Date: July 1, 2021

Project Analyst: Julie M. Faenza

Team Leader: Gloria C. Hale

Project ID #: F-12039-21

Facility: FMC Southwest Charlotte

FID #: 120485

County: Mecklenburg

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

Project: Add no more than 5 dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 26 stations upon project completion

### REVIEW CRITERIA

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

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

C

Bio-Medical Applications of North Carolina, Inc. (hereinafter “BMA” or “the applicant”) proposes to add five stations to FMC Southwest Charlotte (FMC-SW Charlotte) pursuant to Condition 2 of the facility need methodology for a total of 26 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 not a county need determination for additional dialysis stations in Mecklenburg County.

However, the applicant is eligible to apply for additional dialysis stations in an existing facility pursuant to Condition 2 of the facility need methodology in the 2021 SMFP, if the utilization rate

for the dialysis center as reported in the 2021 SMFP is at least 75 percent or 3.0 patients per station per week, as stated in Condition 2.a. Table 9A on page 127 of the 2021 SMFP shows the utilization rate reported for FMC-SW Charlotte is 92.19 percent or 3.69 patients per station per week based on 59 in-center dialysis patients and 16 certified dialysis stations (59 patients / 16 stations = 3.69;  $3.69 / 4 = 92.19\%$ ).

As shown in Table 9D on page 139 of the 2021 SMFP, based on the facility need methodology for dialysis stations, the potential number of stations needed at FMC-SW Charlotte is up to five additional stations; thus, the applicant is eligible to apply to add up to five stations during the 2021 SMFP review cycle pursuant to Condition 2 of the facility need methodology.

The applicant proposes to add no more than five new stations to FMC-SW Charlotte, which is consistent with the 2021 SMFP calculated facility need determination for up to five dialysis stations; therefore, the application is consistent with Condition 2 of the facility need determination for dialysis stations.

### **Policies**

There is one policy in the 2021 SMFP which is applicable to this review. *Policy GEN-3: Basic Principles*, on page 29 of the 2021 SMFP, states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

In Section B, pages 21-23, the applicant explains why it believes its application is consistent with Policy GEN-3. On page 23, the applicant states:

*“BMA projects utilization will continue to increase while the facility provides dialysis care and treatment in a safe environment, focused on quality patient care, and ensuring access to care for all patients with proper referral from a nephrology physician (patients cannot self-refer for dialysis treatment). The volume projections for this application are realistic and conservative. BMA consistently provides treatment for the medically underserved and does not discriminate in any manner; patients are accepted at the facility with proper referral from a physician with admitting privileges. The quality of care provided by the applicant is comparable with or exceeds industry standards for care.”*

## **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 the following:

- The applicant adequately demonstrates that the application is consistent with Condition 2 of the facility need methodology as applied from the 2021 SMFP.
- The applicant adequately demonstrates how FMC-SW Charlotte's projected volumes incorporate the concepts of safety and quality, equitable access, and maximum value for resources expended in meeting the facility need.

(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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

In Section C, pages 25-26, the applicant documents that FMC-SW Charlotte currently provides home hemodialysis (HH) and home peritoneal dialysis (PD) training and support, and projects FMC-SW Charlotte will continue to provide training and support for home dialysis modalities during the first two operating years following project completion.

## **Patient Origin**

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 and Graham counties and Avery, Mitchell, and Yancey counties.*” Thus, the service area for this facility consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

FMC-SW Charlotte Current & Projected Patient Origin												
	Current – CY 2020						Projected – CY 2023					
	IC* Patients		HH Patients		PD Patients		IC* Patients		HH Patients		PD Patients	
	#	%	#	%	#	%	#	%	#	%	#	%
Mecklenburg	57	86.36%	1	25.00%	7	70.00%	67.9	88.30%	1.2	28.42%	8.3	73.54%
South Carolina	9	13.64%	3	75.00%	3	30.00%	9	11.71%	3	71.58%	3	26.46%
<b>Total</b>	<b>66</b>	<b>100.00%</b>	<b>4</b>	<b>100.00%</b>	<b>10</b>	<b>100.00%</b>	<b>76.9</b>	<b>100.00%</b>	<b>4.2</b>	<b>100.00%</b>	<b>11.3</b>	<b>100.00%</b>

\*IC = In-Center

**Note:** Table may not foot due to rounding.

**Source:** Section C, pages 25-26

In Section C, pages 26-28, and the Form C Utilization subsection of Section Q, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant clearly explains how it projected growth in the Mecklenburg County patient population.
- The applicant did not project growth in the number of patients at FMC-SW Charlotte who do not live in Mecklenburg County.

**Analysis of Need**

In Section C, pages 26-28 and 30, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states:

*“Patients with End Stage Renal Disease require dialysis treatment on a regular and consistent basis in order to maintain life. Patients will normally receive three treatments per week. The NC SMFP recognizes that this patient population requires frequent and regular treatment. The need methodology for dialysis stations is focused on four patient shifts per week and recognizes that patients will generally dialyze on a Monday-Wednesday-Friday, morning or afternoon shift schedule, or on a Tuesday-Thursday-Saturday, morning or afternoon shift schedule. Failure to receive dialysis care will ultimately lead to the patient’s demise.*

*The need that this population has for the proposed services is a function of the individual patient need for dialysis care and treatment.”*

The information is reasonable and adequately supported for the following reasons:

- According to the 2021 SMFP, as of December 31, 2019, FMC-SW Charlotte was operating at a rate of 3.69 patients per station per week, or 92.19 percent of capacity.
- According to the December 2020 Data Collection Form for ESRD facilities, the patient population at FMC-SW Charlotte increased by seven patients to a total of 66 patients.

FMC-SW Charlotte is now certified for five additional stations for a total of 21 certified stations.

- As of December 31, 2020, FMC-SW Charlotte was operating at a rate of 3.14 patients per station per week, or 78.5 percent of capacity.
- The increase of seven patients during 2020 is an annual growth rate of almost 12 percent.
- The applicant uses FMC-SW Charlotte as its dedicated COVID-19 clinic for Mecklenburg County.
- The applicant demonstrates the need for the additional five stations even while using a lower growth rate than the historical growth rate for the facility.

Projected Utilization

In Section C, pages 25-26, and on Form C in Section Q, the applicant provides historical and projected utilization, as shown in the table below.

FMC-SW Charlotte Historical & Projected Utilization												
	Historical – CY 2020						Projected – CY 2023					
	IC* Patients		HH Patients		PD Patients		IC* Patients		HH Patients		PD Patients	
	#	%	#	%	#	%	#	%	#	%	#	%
Mecklenburg	57	86.36%	1	25.00%	7	70.00%	67.9	88.30%	1.2	28.42%	8.3	73.54%
South Carolina	9	13.64%	3	75.00%	3	30.00%	9	11.71%	3	71.58%	3	26.46%
<b>Total</b>	<b>66</b>	<b>100.00%</b>	<b>4</b>	<b>100.00%</b>	<b>10</b>	<b>100.00%</b>	<b>76.9</b>	<b>100.00%</b>	<b>4.2</b>	<b>100.00%</b>	<b>11.3</b>	<b>100.00%</b>

\*IC = In-Center

**Note:** Table may not foot due to rounding.

In Section C, pages 26-28, and in the Form C Utilization subsection of Section Q, the applicant provides the assumptions and methodology used to project patient utilization, which are summarized below.

- The applicant begins its utilization projections with the patient census on December 31, 2020. The applicant states that on December 31, 2020, its in-center patient census was comprised of 57 Mecklenburg County patients and nine patients from South Carolina; its HH patient census was comprised of one Mecklenburg County patient and three patients from South Carolina; and its PD patient census was comprised of seven Mecklenburg County patients and three patients from South Carolina.
- The Mecklenburg County Average Annual Change Rate (AACR) as published in the 2021 SMFP is 3.1 percent; however, the applicant uses a projected growth rate of six percent for all Mecklenburg County patients (including those using HH and PD). The applicant states that the in-center patient population growth rate in the last year was 11.86 percent.

- The applicant assumes no population growth for the patients residing in South Carolina who are dialyzing at or using home modalities through FMC-SW Charlotte but assumes the patients will continue to dialyze at or use home modalities through FMC-SW Charlotte and adds them to the calculations when appropriate.
- The project is scheduled to begin offering services on January 1, 2022. OY1 is CY 2022. OY2 is CY 2023.

In Section C, pages 27-28, and in the Form C Utilization subsection of Section Q, the applicant provides the calculations used to project the patient census for OY1 and OY2, as summarized in the tables below.

<b>FMC-SW Charlotte In-Center Projected Utilization*</b>	
Starting point of calculations is Mecklenburg County in-center patients dialyzing at FMC-SW Charlotte on December 31, 2020.	57
Mecklenburg County patient population is projected forward by one year to December 31, 2021, using the applicant's growth rate of 6.0%.	$57 \times 1.06 = 60.4$
The patients from South Carolina are added. This is the projected census on December 31, 2021 and the starting census for this project.	$60.4 + 9 = 69.4$
Mecklenburg County patient population is projected forward by one year to December 31, 2022, using the applicant's growth rate of 6.0%.	$60.4 \times 1.06 = 64.0$
The patients from South Carolina are added. This is the projected census on December 31, 2022 (OY1).	$64.0 + 9 = 73.0$
Mecklenburg County patient population is projected forward by one year to December 31, 2023, using the applicant's growth rate of 6.0%.	$64.0 \times 1.06 = 67.9$
The patients from South Carolina are added. This is the projected census on December 31, 2023 (OY2).	$67.9 + 9 = 76.9$

\*On pages 27-28, the applicant's narrative states it uses the Mecklenburg County Five Year AACR; however, the actual projections show the applicant using the 6.0 percent growth rate it discusses on page 26.

The applicant projects to serve 73 patients on 26 stations, which is 2.8 patients per station per week ( $73 \text{ patients} / 26 \text{ stations} = 2.81$ , which is rounded to 2.8), by the end of OY1 and 76.9 patients on 26 stations, which is 3.0 patients per station per week ( $76.9 \text{ patients} / 26 \text{ stations} = 2.96$ , which is rounded to 3.0), by the end of OY2. This meets the minimum of 2.8 patients per station per week as of the end of the first operating year as required by 10A NCAC 14C .2203(b).

<b>FMC-SW Charlotte HH Projected Utilization*</b>	
Starting point of calculations is Mecklenburg County HH patients dialyzing at FMC-SW Charlotte on December 31, 2020.	1
Mecklenburg County patient population is projected forward by one year to December 31, 2021, using the applicant's growth rate of 6.0%.	$1 \times 1.06 = 1.06$
The patients from South Carolina are added. This is the projected census on December 31, 2021 and the starting census for the project.	$1.06 + 3 = 4.06$
Mecklenburg County patient population is projected forward by one year to December 31, 2022, using the applicant's growth rate of 6.0%.	$1.06 \times 1.06 = 1.12$
The patients from South Carolina are added. This is the projected census on December 31, 2022 (OY1).	$1.12 + 3 = 4.12$
Mecklenburg County patient population is projected forward by one year to December 31, 2023, using the applicant's growth rate of 6.0%.	$1.12 \times 1.06 = 1.19$
The patients from South Carolina are added. This is the projected census on December 31, 2023 (OY2).	$1.19 + 3 = 4.19$

\*On pages 27-28, the applicant's narrative states it uses the Mecklenburg County Five Year AACR; however, the actual projections show the applicant using the 6.0 percent growth rate it discusses on page 26.

<b>FMC-SW Charlotte PD Projected Utilization*</b>	
Starting point of calculations is Mecklenburg County PD patients dialyzing at FMC-SW Charlotte on December 31, 2020.	7
Mecklenburg County patient population is projected forward by one year to December 31, 2021, using the applicant's growth rate of 6.0%.	$7 \times 1.06 = 7.42$
The patients from South Carolina are added. This is the projected census on December 31, 2021 and the starting census for the project.	$7.42 + 3 = 10.42$
Mecklenburg County patient population is projected forward by one year to December 31, 2022, using the applicant's growth rate of 6.0%.	$7.42 \times 1.06 = 7.87$
The patients from South Carolina are added. This is the projected census on December 31, 2022 (OY1).	$7.87 + 3 = 10.87$
Mecklenburg County patient population is projected forward by one year to December 31, 2023, using the applicant's growth rate of 6.0%.	$7.87 \times 1.06 = 8.34$
The patients from South Carolina are added. This is the projected census on December 31, 2023 (OY2).	$8.34 + 3 = 11.34$

\*On pages 27-28, the applicant's narrative states it uses the Mecklenburg County Five Year AACR; however, the actual projections show the applicant using the 6.0 percent growth rate it discusses on page 26.

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

- FMC-SW Charlotte was operating at a rate of 3.69 patients per station per week, or 92.19 percent of capacity, on December 31, 2019.
- FMC-SW Charlotte was operating at a rate of 3.14 patients per station per week, or 78.5 percent of capacity, on December 31, 2020, despite an increase of five dialysis stations during CY 2020.

- The applicant projects future utilization based on historical utilization.
- The applicant projects growth in the Mecklenburg County patient population using a lower growth rate than the growth the facility experienced in the past year.
- The applicant projects no growth for patients residing outside of Mecklenburg County.

**Access to Medically Underserved Groups**

In Section C, page 32, the applicant states:

*“.... Each of our facilities has a patient population which includes low-income persons, racial and ethnic minorities, women, [people with disabilities], 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.*

*Fresenius Medical Care and its related facilities in North Carolina have historically provided substantial care and services to all persons in need of dialysis services, regardless of income, racial or ethnic background, gender, [disability], age or any other grouping/category or basis for being an underserved person.”*

The applicant provides the estimated percentage of total patients for each medically underserved group during the second full fiscal year, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Estimated % of Total Patients in FY 2</b>
Low income persons	6.49%
Racial and ethnic minorities	61.04%
Women	44.16%
Persons with disabilities	41.56%
Persons 65 and older	48.05%
Medicare beneficiaries	68.83%
Medicaid recipients	20.78%

**Source:** Section C, page 33

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:

- The applicant provides a statement saying it will provide service to all residents of the service area, including underserved groups, without regard for anything other than the need for dialysis services.
- The applicant states the percentages of patients for each group listed above are based on recent facility 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.

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.

CA

The applicant proposes to add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

In Section E, page 41, 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:

- Maintain the Status Quo: the applicant states maintaining the status quo, or not applying for new stations, would lead to higher utilization rates and would potentially interrupt patient admissions to the facility; therefore, this is not an effective alternative.
- Apply for Fewer than Five Stations: the applicant states applying for fewer stations would have the same effect as not applying for stations – higher utilization rates and potentially interrupted patient admissions; therefore, this is not an 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 it believes the proposed project is the most effective alternative.

### **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 reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Bio-Medical Facilities of North Carolina, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. Pursuant to Condition 2 of the facility need determination in the 2021 SMFP, the certificate holder shall develop no more than 5 additional in-center (and home hemodialysis) dialysis stations for a total of no more than 26 in-center (and home hemodialysis) dialysis stations at FMC Southwest Charlotte upon completion of this project.**
- 3. 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 third month. The first progress report shall be due on October 1, 2021. The second progress report shall be due on January 1, 2022 and so forth.**

- 4. 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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

**Capital and Working Capital Costs**

On Form F.1a in Section Q, the applicant projects a total capital cost of \$18,750 to be used for non-medical equipment and furniture. On Form F.1a, 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 describes each item that makes up the projected capital cost.
- The applicant provided the individual and combined cost of each item that makes up the projected capital cost.

In Section F, page 44, the applicant states there are no projected working capital costs because it is an existing facility that is already operational.

**Availability of Funds**

In Section F, pages 42-43, the applicant states it will fund the capital cost of the proposed project with accumulated reserves. Exhibit F-2 contains a letter from the applicant on behalf of the Senior Vice President and Treasurer of Fresenius Medical Care Holdings, Inc., the parent company of the applicant, authorizing the use of accumulated reserves for the capital needs of the project. The letter in Exhibit F-2 also states that the 2019 Consolidated Balance Sheet for Fresenius Medical Care Holdings, Inc. shows more than \$446 million in cash and total assets in excess of \$25 billion.

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

- The applicant provided a letter from an appropriate company official committing the amount of the projected capital cost to the proposed project.

- The letter from the applicant demonstrates the availability of adequate cash and assets to fund the proposed project.

### **Financial Feasibility**

The applicant provides pro forma financial statements for the first two full fiscal years of operation following completion of the project. On Form F.2 in Section Q, 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.

<b>Projected Revenues and Operating Expenses</b>		
<b>FMC-SW Charlotte</b>	<b>Full Fiscal Year 1 CY 2022</b>	<b>Full Fiscal Year 2 CY 2023</b>
Total Treatments	12,723	13,353
Total Gross Revenues (Charges)	\$80,041,123	\$84,005,629
Total Net Revenue	\$4,557,591	\$4,783,320
Average Net Revenue per Treatment	\$358	\$358
Total Operating Expenses (Costs)	\$4,182,044	\$4,306,901
Average Operating Expense per Treatment	\$329	\$323
<b>Net Income/Profit</b>	<b>\$375,547</b>	<b>\$476,419</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.2 and in Forms F.3 and F.4 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant adequately explains the assumptions used to project revenue, such as projected reimbursement rates, and operating costs, such as salaries.
- 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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following 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 and Graham counties and Avery, Mitchell, and Yancey counties.*” Thus, the service area for this facility consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

There are 25 existing and approved facilities which provide dialysis and/or dialysis home training and support in Mecklenburg County, 23 of which are operational. Information on all 25 of these dialysis facilities is provided in the table below.

<b>Mecklenburg County Dialysis Facilities            Certified Stations and Utilization as of December 31, 2019</b>				
<b>Dialysis Facility</b>	<b>Owner</b>	<b>Location</b>	<b># of Certified Stations</b>	<b>Utilization</b>
BMA Beatties Ford	BMA	Charlotte	39	78.85%
BMA Nations Ford	BMA	Charlotte	28	83.04%
BMA of East Charlotte*	BMA	Charlotte	26	85.58%
BMA West Charlotte*	BMA	Charlotte	29	77.59%
FKC Mallard Creek**	BMA	Charlotte	0	0.00%
FKC Regal Oaks	BMA	Charlotte	15	81.67%
FKC Southeast Charlotte	BMA	Pineville	10	32.50%
FMC Aldersgate	BMA	Charlotte	10	72.50%
FMC Charlotte	BMA	Charlotte	45	88.89%
FMC Matthews	BMA	Matthews	21	114.29%
FMC of North Charlotte	BMA	Charlotte	40	91.25%
FMC Southwest Charlotte	BMA	Charlotte	16	92.19%
INS Charlotte***	BMA	Charlotte	0	0.00%
INS Huntersville***	BMA	Huntersville	0	0.00%
Brookshire Dialysis	DaVita	Charlotte	10	45.00%
Charlotte Dialysis	DaVita	Charlotte	34	77.94%
Charlotte East Dialysis	DaVita	Charlotte	34	76.47%
DSI Charlotte Latrobe Dialysis	DSI	Charlotte	24	61.46%
DSI Glenwater Dialysis	DSI	Charlotte	42	72.02%
Huntersville Dialysis	DaVita	Huntersville	18	87.50%
Mint Hill Dialysis	DaVita	Mint Hill	22	62.50%
Mountain Island Lake Dialysis**	DaVita	Charlotte	0	0.00%
North Charlotte Dialysis Center	DaVita	Charlotte	36	70.83%
Renaissance Park Dialysis****	DaVita	Charlotte	0	0.00%
South Charlotte Dialysis*	DaVita	Charlotte	23	80.43%
Sugar Creek Dialysis	DaVita	Charlotte	10	70.00%

**Source:** Table 9A, Chapter 9, 2021 SMFP; Agency records

\*Facility which exists and is operational, but which has been approved to relocate to a new site with additional stations.

\*\*Facility under development or which was not operational at the time of data collection for the 2021 SMFP.

\*\*\*Facility which is dedicated exclusively to providing HH and PD training and support.

\*\*\*\*On November 13, 2020, the certificate of need to develop Renaissance Park Dialysis was relinquished.

In Section G, page 51, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved dialysis services in Mecklenburg County. The applicant states:

*“This is an application based upon the facility performance and demonstrated need at the Fresenius Medical Care Southwest Charlotte [sic]. The need addressed by this application is not specific to Mecklenburg County.”*

The applicant further states that only two BMA facilities in Mecklenburg County are currently operating below a 70 percent utilization rate, and one of those facilities is doing so because it just added stations in September 2020.

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 applicant proposes to increase the number of dialysis stations in Mecklenburg County based on Condition 2 of the facility need determination in the 2021 SMFP.
- The applicant adequately demonstrates that the proposed dialysis stations are needed in addition to the existing or approved dialysis stations in Mecklenburg 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 described 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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

On Form H in Section Q, the applicant provides current and projected staffing for the proposed services, as illustrated in the following table.

<b>FMC-SW Charlotte Current and Projected Staffing</b>		
	<b>Current 12/31/20</b>	<b>Projected – OYs 1-2 (CYs 2022 &amp; 2023)</b>
Administrator	1.00	1.00
Registered Nurses	3.00	3.50
Home Training Nurse	1.00	1.00
Patient Care Technicians	4.00	5.00
Dietician	1.00	1.00
Social Worker	1.00	1.00
Maintenance	0.75	0.75
Admin/Business Office	1.00	1.00
Director of Operations	0.15	0.15
Chief Technician	0.25	0.25
FMC In-service	0.25	0.25
<b>TOTAL</b>	<b>13.40</b>	<b>14.90</b>

The assumptions and methodology used to project staffing are provided immediately following Form H in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.4 in Section Q. In Section H, pages 53-54, 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 sufficient operating expenses for the staff proposed by the applicant.
- The applicant describes the required qualifications for staff, continuing education, and other training programs.

### **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 all 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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

### **Ancillary and Support Services**

In Section I, page 55, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 55-60, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The facility is an existing facility already providing the necessary ancillary and support services.



- The applicant describes the structure in place at both the corporate level and the facility level for providing the necessary ancillary and support services.

### **Coordination**

In Section I, page 60, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit H-4. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The facility is an existing facility that has existing relationships with local health care and social service providers.
- The applicant provides a letter from the medical director of the facility attesting to the relationship between the medical director's physician practice and the facility.

### **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 all the reasons described above.

- (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.

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 68, the applicant provides the historical payor mix during CY 2020 for its existing services, as shown in the table below.

<b>FMC-SW Charlotte Historical Payor Mix CY 2020</b>						
	<b>In-Center</b>		<b>HH</b>		<b>PD</b>	
<b>Payment Source</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>
Self-Pay	1.2	1.83%	0.0	0.00%	0.5	5.26%
Commercial Insurance*	10.2	15.40%	0.2	4.89%	3.9	39.14%
Medicare*	43.8	66.34%	3.8	95.11%	3.0	29.57%
Medicaid*	1.7	2.55%	0.0	0.00%	0.1	1.06%
Misc. (including VA, Med. Adv.)	9.2	13.88%	0.0	0.00%	2.5	24.97%
<b>Total</b>	<b>66</b>	<b>100.00%</b>	<b>4</b>	<b>100.00%</b>	<b>10</b>	<b>100.00%</b>

\*Including any managed care plans

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

	<b>Percentage of Total Patients Served by FMC-SW Charlotte during CY 2020</b>	<b>Percentage of the Population of Mecklenburg County</b>
Female	44.2%	51.9%
Male	55.8%	48.1%
Unknown	0.0%	0.0%
64 and Younger	51.9%	88.5%
65 and Older	48.1%	11.5%
American Indian	0.0%	0.8%
Asian	9.1%	6.3%
Black or African-American	51.9%	33.0%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	32.5%	46.1%
Other Race	6.5%	13.7%
Declined / Unavailable	0.0%	0.0%

Sources: BMA Internal Data, US Census Bureau

### **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 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, in Section L, page 70, the applicant states it has no such obligation.

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 FMC-SW Charlotte.

**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.

- (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 71, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>FMC-SW Charlotte Projected Payor Mix CY 2023</b>						
<b>Payment Source</b>	<b>In-Center</b>		<b>HH</b>		<b>PD</b>	
	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>
Self-Pay	1.4	1.83%	0.0	0.00%	0.6	5.26%
Commercial Insurance*	11.8	15.40%	0.2	4.89%	4.4	39.14%
Medicare*	51.0	66.34%	4.0	95.11%	3.54	29.57%
Medicaid*	2.0	2.55%	0.0	0.00%	0.1	1.06%
Misc. (including VA, Med. Adv.)	10.7	13.88%	0.0	0.00%	2.8	24.97%
<b>Total</b>	<b>76.9</b>	<b>100.00%</b>	<b>4.2</b>	<b>100.00%</b>	<b>11.3</b>	<b>100.00%</b>

\*Including any managed care plans

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 1.83 percent of in-center services and 5.26 percent of PD services will be provided to self-pay patients; 66.34 percent of in-center services, 95.11 percent of HH services, and 29.57 percent of PD services to Medicare patients; and 2.55 percent of in-center services and 1.06 percent of PD services to Medicaid patients.

On page 71, the applicant provides the assumptions and methodology it uses to project payor mix during the second full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix.

**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.

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

In Section M, page 74, the applicant describes the extent to which health professional training programs in the area 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 provides a copy of a letter sent to Central Piedmont Community College offering the facility as a training site for nursing students.
- The applicant states it often receives calls to utilize the facility for health professional training programs and discusses the process for intake when it receives such an inquiry.

### **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 all the reasons described above.

- (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 add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following 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 and Graham counties and Avery, Mitchell, and Yancey counties.*” Thus, the service area for this facility consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

There are 25 existing and approved facilities which provide dialysis and/or dialysis home training and support in Mecklenburg County, 23 of which are operational. Information on all 25 of these dialysis facilities is provided in the table below.

<b>Mecklenburg County Dialysis Facilities            Certified Stations and Utilization as of December 31, 2019</b>				
<b>Dialysis Facility</b>	<b>Owner</b>	<b>Location</b>	<b># of Certified Stations</b>	<b>Utilization</b>
BMA Beatties Ford	BMA	Charlotte	39	78.85%
BMA Nations Ford	BMA	Charlotte	28	83.04%
BMA of East Charlotte*	BMA	Charlotte	26	85.58%
BMA West Charlotte*	BMA	Charlotte	29	77.59%
FKC Mallard Creek**	BMA	Charlotte	0	0.00%
FKC Regal Oaks	BMA	Charlotte	15	81.67%
FKC Southeast Charlotte	BMA	Pineville	10	32.50%
FMC Aldersgate	BMA	Charlotte	10	72.50%
FMC Charlotte	BMA	Charlotte	45	88.89%
FMC Matthews	BMA	Matthews	21	114.29%
FMC of North Charlotte	BMA	Charlotte	40	91.25%
FMC Southwest Charlotte	BMA	Charlotte	16	92.19%
INS Charlotte***	BMA	Charlotte	0	0.00%
INS Huntersville***	BMA	Huntersville	0	0.00%
Brookshire Dialysis	DaVita	Charlotte	10	45.00%
Charlotte Dialysis	DaVita	Charlotte	34	77.94%
Charlotte East Dialysis	DaVita	Charlotte	34	76.47%
DSI Charlotte Latrobe Dialysis	DSI	Charlotte	24	61.46%
DSI Glenwater Dialysis	DSI	Charlotte	42	72.02%
Huntersville Dialysis	DaVita	Huntersville	18	87.50%
Mint Hill Dialysis	DaVita	Mint Hill	22	62.50%
Mountain Island Lake Dialysis**	DaVita	Charlotte	0	0.00%
North Charlotte Dialysis Center	DaVita	Charlotte	36	70.83%
Renaissance Park Dialysis****	DaVita	Charlotte	0	0.00%
South Charlotte Dialysis*	DaVita	Charlotte	23	80.43%
Sugar Creek Dialysis	DaVita	Charlotte	10	70.00%

Source: Table 9A, Chapter 9, 2021 SMFP; Agency records

\*Facility which exists and is operational, but which has been approved to relocate to a new site with additional stations.

\*\*Facility under development or which was not operational at the time of data collection for the 2021 SMFP.

\*\*\*Facility which is dedicated exclusively to providing HH and PD training and support.

\*\*\*\*On November 13, 2020, the certificate of need to develop Renaissance Park Dialysis was relinquished.

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 expect this proposal to have any effect on the competitive climate in Mecklenburg County. The applicant does not project to serve dialysis patients currently being served by another provider.”*

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

*“This is a proposal to add five stations to the Fresenius Medical Care Southwest Charlotte [sic]. The applicant is serving a significant number of dialysis patients residing in the area of the facility. Approval of this application will allow the facility to continue serving patients who reside in the area. Consequently, 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. Quality care is not negotiable. 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. .... Each of those facilities has a patient population which includes low-income persons, racial and ethnic minorities, women, [people with disabilities], 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 any other factor that would classify a patient as underserved.*

*Fresenius related facilities in North Carolina have historically provided substantial care and services to all persons in need of dialysis services, regardless of income, racial or ethnic background, gender, [disability], age or any other grouping/category or basis for being an underserved person. Low income and medically underinsured persons will continue to have access to all services provided by Fresenius related facilities.”*

See also Sections C and L 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 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 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

The applicant proposes to add five dialysis stations to FMC-SW Charlotte pursuant to Condition 2 of the facility need methodology for a total of 26 stations following project completion.

On Form O in Section Q, the applicant identifies the kidney disease treatment centers located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 126 existing or approved kidney disease treatment facilities located in North Carolina.

In Section O, page 81, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in an Immediate Jeopardy violation that occurred in any of these facilities. After reviewing and considering information provided by the applicant and publicly available data and considering the quality of care provided at all 126 facilities, the applicant provides 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.

### **10 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 dialysis 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. An applicant may document the need for less than 10 stations if the application is submitted in response to an adjusted need determination in the State Medical Facilities Plan for less than 10 stations.*

-NA- FMC-SW Charlotte is an existing facility. Therefore, this Rule 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 27, and on Form C in Section Q, the applicant projects that FMC-SW Charlotte will serve 73 patients on 26 stations, or a rate of 2.8 patients per station per week, as of the end of the first operating year following project completion. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(c) *An applicant shall provide all assumptions, including the methodology by which patient utilization is projected.*

-C- In Section C, pages 26-28, and in the Form C Utilization subsection of Section Q, the applicant provides the assumptions and methodology it used to project utilization of the facility. The

discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.