

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: December 6, 2022

Findings Date: December 6, 2022

Project Analyst: Ena Lightbourne

Co-Signer: Gloria C. Hale

Project ID #: F-12255-22

Facility: Atrium Health Harrisburg

FID #: 061205

County: Cabarrus

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI

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.

C

The Charlotte-Mecklenburg Hospital Authority (“CMHA” or “applicant”) is proposing to expand an existing hospital campus, Atrium Health Harrisburg, by relocating no more than 24 acute care beds and one operating room (“OR”) from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI. Atrium Health Harrisburg is a separate hospital campus of Atrium Health Cabarrus operating under the same license. The facility provides Emergency Department (ED) and outpatient (OP) services, including imaging and laboratory services.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2022 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There are two policies in the 2022 SMFP applicable to this review: *Policy AC-5 Replacement of Acute Care Bed Capacity* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy AC-5 Replacement of Acute Care Bed Capacity, on pages 21-22 of the 2022 SMFP, states:

*“Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant’s hospital in relation to utilization targets found below. For hospitals **not** designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed days of care shall be counted. For hospitals designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed days of care **and** swing bed days (i.e., nursing facility days of care) shall be counted in determining utilization of acute care beds. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application. Additionally, if the hospital is a Critical Access Hospital and swing bed days are proposed to be counted in determining utilization of acute care beds, the hospital shall also propose to remain a Critical Access Hospital and must demonstrate the need for maintaining the swing bed capacity proposed within the application. If the Critical Access Hospital does not propose to remain a Critical Access Hospital, only acute care bed days of care shall be counted in determining utilization of acute care beds and the hospital must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application.*

<i>Facility Average Daily Census</i>	<i>Target Occupancy of Licensed Acute Care Beds</i>
<i>1-99</i>	<i>66.7%</i>
<i>100-200</i>	<i>71.4%</i>
<i>Greater than 200</i>	<i>75.2%”</i>

Policy AC-5 is applicable to this review because the applicant proposes to construct new space for 24 existing acute care beds. In Section B, page 27, the applicant projects acute care bed occupancy of 73.6 percent for Atrium Health Harrisburg during the third full fiscal year following project completion. The applicant’s projections from Section Q, are shown in the table below.

Atrium Health Harrisburg Projected Acute Care Bed Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2026	CY 2027	CY 2028
Acute Care Beds			
# of Beds	24	24	24
# Discharges	654	1,017	1,405
# of Patient Days	3,000	4,665	6,448
Average Length of Stay	4.6	4.6	4.6
Occupancy Rate	34.3%	53.3%	73.6%

Source: Section Q, Form C.1b

As shown in the table above, Atrium Health Harrisburg is projected to have an Average Daily Census (ADC) between 1-99 and is projected to exceed the applicable utilization target of 66.7 percent occupancy in the third full fiscal year following project completion.

Atrium Health Cabarrus Historical and Projected Acute Care Bed Utilization						
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	1st Full FY
	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Acute Care Beds						
# of Beds	447	447	447	447	469	445
# Discharges	25,824	26,311	26,808	27,314	27,829	27,777
# of Patient Days	134,241	136,774	139,355	141,984	144,663	144,393
Average Length of Stay	5.2	5.2	5.2	5.2	5.2	5.2
Occupancy Rate	82.3%	83.8%	85.4%	87.0%	84.5%	88.9%

Source: Section Q, Form D.1

As shown in the table above, Atrium Health Cabarrus is projected to have an Average Daily Census (ADC) Greater than 200 and is projected to exceed the applicable utilization target of 75.2 percent occupancy in the third full fiscal year following project completion.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on pages 30-31 of the 2022 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that

conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 28-29, the applicant provides a written statement describing the project's plan to assure improved energy efficiency and water conservation. On page 29, the applicant states that the proposed project will address systems and features such as water and energy consumption and implement newly designed HVAC systems to assure improved energy efficiency and water conservation.

The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

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 proposal is consistent with Policy AC-5 because the applicant adequately demonstrates that the Atrium Health Harrisburg's acute care beds will have a facility occupancy rate of 73.6% in CY2028.
- The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for energy efficiency and water conservation.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which

all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

Patient Origin

The 2022 SMFP defines the service area for acute care bed and operating room services as a single or multi-county grouping as shown in Figure 5.1. The 2022 SMFP defines the service area for a fixed MRI scanner as “the same as an Acute Care Bed Service area as defined in Chapter 5 and shown in Figure 5.1.” Thus, the service area for this facility consists of Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing to relocate 24 acute care beds and one OR from Atrium Health Cabarrus and relocate and replace one MRI scanner. Atrium Health Harrisburg is an outpatient campus under the same license of Atrium Health Cabarrus, offering ED and other OP services.

The following tables illustrate historical and projected patient origin.

County	Atrium Health Harrisburg Entire Facility Historical Patient Origin	
	Last Full FY 01/01/2021-12/31/2021	
	Patients	% of Total
Cabarrus	229,385	55.3%
Mecklenburg	71,819	17.3%
Rowan	52,714	12.7%
Stanly	21,890	5.3%
Iredell	7,905	1.9%
Other^	30,737	7.4%
Total	414,450	100.0%

Source: Section C, page 38

^Consists of 95 NC counties and other states.

Atrium Health Harrisburg Entire Facility Projected Patient Origin						
County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	CY 2026		CY 2027		CY 2028	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Cabarrus	251,859	55.3%	256,611	55.3%	261,453	55.3%
Mecklenburg	78,855	17.3%	80,343	17.3%	81,859	17.3%
Rowan	57,879	12.7%	58,971	12.7%	60,083	12.7%
Stanly	24,035	5.3%	24,488	5.3%	24,950	5.3%
Iredell	8,679	1.9%	8,843	1.9%	9,010	1.9%
Other^	33,748	7.4%	34,385	7.4%	35,034	7.4%
Total	455,055	100.0%	463,642	100.0%	472,390	100.0%

Source: Section C, page 41

^Consists of 95 NC counties and other states

In Section C, pages 38-39, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin of inpatient (IP) and ambulatory surgical services based on the number of patients projected to originate from the defined service area upon project completion.
- The applicant projects patient origin of OP MRI services based on the number of patients expected to shift from the existing MRI location and the number of patients expected to shift upon expansion of services at Atrium Health Harrisburg.
- The applicant’s projections are based on the historical patient origin of the cohort of acuity appropriate patients to be served at Atrium Health Harrisburg.

Analysis of Need

In Section C, pages 42-52, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

Growth and Development of Harrisburg (pages 42-46)

The applicant’s projected primary and secondary service area includes ZIP codes in the Harrisburg, Charlotte, and Concord area. To demonstrate need, the applicant cites data from the North Carolina Office of State Budget Management (NCOSBM) to illustrate the growth and development in the primary and secondary service area. This includes the increase in IP and hospital-based surgical capacity with the development of several health facilities.

Patients’ Need for Expanded CMHA Services in the Harrisburg Service Area (pages 47-50)

The applicant states that there are a numerous amount of Atrium Health physician practices and other providers in the Harrisburg area that provide care to patients that reside in the service

area ZIP codes and admits these patients to Atrium Health Cabarrus. This includes patients that were previously seen at Atrium Health Harrisburg's ED. It is assumed that these physicians will refer their patients to Atrium Health Harrisburg upon expansion of IP and surgical services. Additionally, the applicant states that there is a significant percentage of service area patients accessing care at Atrium Health Cabarrus. The expansion of Atrium Health Harrisburg will provide a more convenient location for patients residing in the service area, particularly those residing in Harrisburg.

Redistribution of CMHA Capacity to Mitigate Capacity Constraints (page 50-51)

The applicant states that inpatients from the Atrium Health Harrisburg service area who choose care at CMHA facilities, are mostly choosing Atrium Health Cabarrus. The applicant states that redistributing capacity to Atrium Health Harrisburg will avoid capacity constraints as the demand for services at Atrium Health Cabarrus continues to grow.

Need to Replace and Relocate MRI (pages 51-52)

The applicant is proposing to relocate and replace one fixed MRI scanner from Atrium Health MRI. Currently, the utilization of the MRI has steadily declined. The applicant states that the MRI scanner would better be served at Atrium Health Harrisburg due to the facility's proximity to Atrium Health MRI and the lack of capacity at other CMHA facilities in the area.

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

- The applicant relies on data from a NCOSBM to demonstrate the historical growth and development in the Harrisburg service area.
- The applicant adequately demonstrates the need to expand IP and surgical services in the Harrisburg service area.
- The applicant adequately demonstrates the support for the project based on the significant number of providers in the service area currently serving Atrium Health Harrisburg patients.

Projected Utilization

In Section Q, Form C.1b, the applicant provides projected utilization, as illustrated in the following table.

Atrium Health Harrisburg Projected Acute Care Bed Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2026	CY 2027	CY 2028
Acute Care Beds			
# of Beds	24	24	24
# Discharges	654	1,017	1,405
# of Patient Days	3,000	4,665	6,448
Average Length of Stay	4.6	4.6	4.6
Occupancy Rate	34.3%	53.3%	73.6%

Source: Section Q, Form C.1b

Atrium Health Harrisburg Projected Utilization MRI & Other Services			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2026	CY 2027	CY 2028
CT Scanner			
# of Units	1	1	1
# of Scans	7,620	7,958	8,313
# of HECTS Units	12,676	13,265	13,884
MRI Scanner			
# of Units	1	1	1
# of Procedures	1,909	2,044	2,187
# of Weighted Procedures	2,175	2,351	2,539
Fixed X-ray (including fluoroscopy) (inpatient Portable)			
# of Units	1	1	1
# of Procedures	873	1,358	1,877
Ultrasound (Inpatient Portable)			
# of Units	1	1	1
# of Procedures	120	186	258
Other Medical Equipment (Echo Inpatient Portable)			
# of Units	1	1	1
# of Procedures	172	268	370

Source: Section Q, Form C.2b

Atrium Health Harrisburg Projected OR Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2026	CY 2027	CY 2028
Operating Rooms			
Shared ORs	1	1	1
Total # of ORs – Planning Inventory	1	1	1
Adjusted Planning Inventory (1)			
Surgical Cases			
# of Inpatient Cases	58	91	125
# of Outpatient Cases	283	440	608
Total # Surgical Cases	341	530	733
Case Times			
Inpatient (2)	195.4	195.4	195.4
Outpatient (2)	130.2	130.2	130.2
Surgical Hours			
Inpatient (3)	190	295	407
Outpatient (4)	614	954	1,319
Total Surgical Hours	803	1,249	1,726
# of ORs Needed			
Group Assignment (5)	3	3	3
Standard Hours per OR per Year (6)	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	0.5	0.7	1.0

- (1) Total # of ORs – Excluded ORs
- (2) Exclude C-Sections performed in Dedicated C-Section ORs
- (3) (Inpatient Cases x Inpatient Case Time in minutes)
- (4) (Outpatient Cases x Outpatient Case Time)
- (5) From Section C, Question 12(a)
- (6) From Section C, Question 12(b)

In Section Q, Form C Assumptions and Methodology, pages 1-18, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Define Service Area

The applicant defines the service area based on historical utilization of services at Atrium Health Harrisburg. Based on CMHA internal data, 65 percent of ED visits were from the five ZIP codes listed below.

Atrium Health Harrisburg Service Area	
Service Area	
Primary Service Area (PSA)	
	28075 (Harrisburg)
	28213 (Charlotte)
	28215 (Charlotte)
Secondary Service Area (SSA)	
	28025 (Concord)
	28027 (Concord)

Source: Section Q, Form C Assumptions and Methodology, page 3

Acute Care Beds Utilization

Step 2: Examine Historical Acuity Appropriate Atrium Health Cabarrus Acute Care Utilization

The applicant examined the historical utilization of Atrium Health Harrisburg’s ED by patients that were subsequently admitted to Atrium Health Cabarrus and patients residing in the service area and chose Atrium Health Cabarrus for inpatient or surgical services. To determine potential utilization of Atrium Health Harrisburg, the applicant analyzed the patient population admitted to Atrium Health Cabarrus and resided in the service area or the patient population directly from Atrium Health Harrisburg’s ED who would be clinically appropriate for Atrium Health Harrisburg. The following table illustrates the number of acute care days provided to acuity appropriate patients described above.

Historical Potential Acuity Appropriate Days of Care for Atrium Health Harrisburg					
	2019	2020	2021	2019 – 2021 CAGR	2020 – 2021 Growth
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	2,229	2,243	2,567	7.3%	14.4%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	823	852	1,005	10.5%	17.9%
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	1,746	2,185	3,699	45.6%	69.3%
Total Acuity Appropriate Acute Care Days	4,798	5,280	7,271	23.1%	37.7%

Source: Section Q, Form C Assumptions and Methodology, page 5; CMHA internal data

Step 3: Project Potential Days of Care to be Served at Atrium Health Harrisburg.

To project the number of acuity appropriate days of care provided to the patient population described in *Step 1*, the applicant assumes that these patients will increase to one-half of the CY 2019 to CY 2021 Compound Annual Growth Rate (CAGR) of Atrium Health Cabarrus acute care days from Atrium Health Harrisburg’s PSA excluding admissions from Atrium Health Harrisburg ED or 3.7 percent. The applicant states that its projections are conservative and reasonable considering the historical growth.

Projected Potential Acuity Appropriate Days of Care for Atrium Health Harrisburg								
	2022	2023	2024	2025	2026	2027	2028	CAGR
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	2,661	2,758	2,859	2,964	3,072	3,184	3,301	3.7%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	1,041	1,079	1,119	1,160	1,202	1,246	1,292	3.7%
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	3,834	3,975	4,120	4,271	4,427	4,589	4,756	3.7%
Total Acuity Appropriate Acute Care Days	7,536	7,812	8,098	8,394	8,701	9,019	9,349	3.7%

Source: Section Q, Form C Assumptions and Methodology, page 6

Step 4: Determine Reasonable Shift Assumptions and Project Total Days of Care to be Served at Atrium Health Harrisburg

The applicant projects the percentage of acuity appropriate days of care to be served at Atrium Health Harrisburg, as illustrated in the table below.

Percentage of Acuity Appropriate Days of Care To be Served at Atrium Health	
	Percentage Served
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	50%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	40%
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	90%

Source: Section Q, Form C Assumptions and Methodology, page 6

The applicant assumes that a percentage of acuity appropriate days of care provided to patients that access Atrium Heath Harrisburg and are subsequently admitted to Atrium Heath Cabarrus will remain at Atrium Heath Cabarrus. Those with clinical conditions appropriate for Atrium Heath Harrisburg and those that have chosen to seek care at Atrium Heath Harrisburg would avoid transferring their services to Atrium Health Cabarrus. The applicant assumes that a percentage of acuity appropriate days of care provided to patients residing in the PSA and SSA that currently choose Atrium Heath Cabarrus will choose Atrium Heath Harrisburg.

The applicant is proposing that Atrium Heath Harrisburg will focus on lower acuity IP services, ED and other OP services which will result in a more efficient outcome than Atrium Heath Cabarrus, which serves patients with more complex conditions in addition to lower acuity. Additionally, Atrium Heath Harrisburg will provide the opportunity to serve inpatients residing in the Harrisburg service area in a timely manner closer to home.

Based on the percentage of acuity appropriate days of care projected to be served at Atrium Heath Harrisburg, as stated above, the applicant projects the number of patient days from CY 2026 to CY 2028 to be served by Atrium Heath Harrisburg.

Acuity Appropriate Days of Care to be Served at Atrium Health Harrisburg				
	Assumed Shift	2026	2027	2028
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	50%	1,536	1,592	1,650
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	40%	481	498	517
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	90%	3,984	4,130	4,281
Total Potential Days of Care		6,001	6,220	6,448
Ramp-up		50%	75%	100%
Total Days of Care to be Served at Atrium Health Harrisburg		3,000	4,665	6,448
Average Daily Census		8.2	12.8	17.7
Number of Acute Care Beds		24	24	24
Occupancy Rate		34.3%	53.3%	73.6%
Projected Discharge[^]		654	1,017	1,405

Source: Section Q, Form C Assumptions and Methodology, page 9

[^]Projected discharges are calculated by dividing projected days of care by the CY 2021 average length of stay at Atrium Health Cabarrus for the acuity appropriate patients projected to be served at Atrium Health Harrisburg, which was 4.6.

The applicant analyzed the historical days of care in the Atrium Heath Harrisburg service area to compare to the applicant's projected total days of care at Atrium Heath Harrisburg, as stated above. The service area total days of care experienced a CAGR of 10.5 percent from CY 2019

to CY 2021. As stated in the table above, the applicant projects 6,448 total acute care days which is 31 percent of the actual total market growth from 2019 to 2021.

Total Days of Care in Atrium Health Harrisburg Service Area				
	2019	2020	2021	2019 – 2021 CAGR
Atrium Health Harrisburg Service Area Days of Care	93,570	95,411	114,227	10.5%

Source: Section Q, Form C Assumptions and Methodology, page 9; Truven, SC office of Research and Statistics, and Georgia Hospital Association.

The applicant states that to compare the projected total days care of care at Atrium Health Harrisburg to the total days of care in the service area, the 2021 days of care (see table above) were increased by 1.9 percent, which is equivalent to the NCOSBM Cabarrus County projected population growth rate from 2022 to 2028.

Atrium Health Harrisburg Service Area Total Days of Care	
Year	Total Days of Care
2021	114,227
2022	116,382
2023	118,578
2024	120,816
2025	123,096
2026	125,418
2027	127,785
2028	130,196
2021-2028 CAGR	1.9%

Source: Section Q, Form C Assumptions and Methodology, page 10

The following table demonstrates the projected Atrium Health Harrisburg days of care as a percent of the Atrium Health Harrisburg service area days of care.

Projected Atrium Health Harrisburg Days of Care as a Percent of Total Atrium Health Harrisburg Service Area Days of Care			
	2026	2027	2028
Total Service Area	125,418	127,785	130,196
Projected Atrium Health Harrisburg Days of Care	3,000	4,665	6,448
Projected Atrium Health Harrisburg Days of Care as a Percent of Total Service Area Patient Days	2.4%	3.7%	5.0%

Source: Section Q, Form C Assumptions and Methodology, page 10

Operating Room Utilization

Step 5: Project Operating Room Utilization Based on Historical Experience of Acuity Appropriate Patients to be Served by Atrium Health Harrisburg

The applicant states that according to CMHA internal data, patients requiring IP surgery comprised 7.6 percent of acuity appropriate days of care to be served at Atrium Health Harrisburg and the average length of stay for those patients was 3.9 days. The applicant applies this historical data to project the total Atrium Health Harrisburg IP surgical cases.

Projected Atrium Health Harrisburg IP Surgical Cases			
	2026	2027	2028
Total IP Days*	58	91	125

Source: Section Q, Form C Assumptions and Methodology, page 11

*Total IP Cases = (Atrium Health Harrisburg Days of Care)
 x (IP Surgery Days as a % of Total Days of Care) / (Average
 Length of Stay) based on CMHA internal data.

The applicant applied the Atrium Health Cabarrus historical ratio of OP to IP surgical cases for acuity appropriate patients from the Atrium Health Harrisburg service area to project Atrium Health Harrisburg IP surgical cases.

Projected Atrium Health Harrisburg OP Surgical Cases			
	2026	2027	2028
Atrium Health Harrisburg IP Cases	58	91	125
Ratio of OP Cases to IP Cases	4.86	4.86	4.86
Total OP Cases	283	440	608

Source: Section Q, Form C Assumptions and Methodology, page 11

The applicant states that its projections are reasonable based on the support of physician groups that provide surgical care to residents of the Atrium Health Harrisburg service area.

The applicant assumes that Atrium Health Harrisburg will have the same average IP and OP case times and standard hours per operating per year as Atrium Health Cabarrus. To project Atrium Health Harrisburg surgical hours, the applicant applies Atrium Health Cabarrus' IP and OP times, as stated in the 2022 SMFP.

Projected Total Surgical Hours at Atrium Health Harrisburg			
	2026	2027	2028
IP Surgical Cases	58	91	125
OP Surgical Cases	283	440	608
Final IP Case Time	195.4	195.4	195.4
Final OP Case Time	130.2	130.2	130.2
Total Surgical Hours	803	1,249	1,726

Source: Section Q, Form C Assumptions and Methodology, page 12

To project operating room utilization at Atrium Health Harrisburg, the applicant applies the projected surgical hours and Atrium Health Cabarrus’ estimated standard hours per operating room per year, as stated in the 2022 SMFP.

Projected Operating Room Utilization at Atrium Health Harrisburg			
	2026	2027	2028
Total Surgical Hours	803	1,249	1,726
Standard Hours per OR Year	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	0.46	0.71	0.98
OR Capacity	1	1	1

Source: Section Q, Form C Assumptions and Methodology, page 12

Procedure Room Utilization

Step 6: Project Procedure Room Utilization Based on Atrium Health Cabarrus’s Historical Ratio of Procedure Room Procedures to Operating Room Cases.

To project procedure room utilization, the applicant applied Atrium Health Cabarrus’ ratio of procedure room procedures to OR cases for Federal Fiscal Year (FFY) 2021, to the total operating room cases projected to be performed by Atrium Health Harrisburg. The applicant projects that Atrium Health Harrisburg will perform 2,041 procedure room procedures by the third year of operation, as illustrated in the table below.

Projected Procedure Room Utilization at Atrium Health Harrisburg			
	2026	2027	2028
Operating Room Cases	341	530	733
Ratio of Procedure Room Procedures to Operating Room Cases	2.78	2.78	2.78
Procedure Room Procedures	950	1,476	2,041

Source: Section Q, Form C Assumptions and Methodology, page 13

Imaging Service Utilization (Ultrasound, X-ray, Echocardiography, CT scanner, MRI Scanner)

Step 7: Project Inpatient Imaging Service Utilization Using Ratios Based on the Historical Experience of Acuity Appropriate Patients to be Served at Atrium Health Harrisburg

The applicant projects utilization of its existing imaging services. The applicant is proposing to relocate and replace one fixed MRI scanner. As part of this project, the applicant is replacing an existing CT scanner located at Atrium Health Harrisburg. The applicant relied on historical data of Atrium Health Cabarrus’ Atrium Health Harrisburg acuity appropriate inpatients in CY 2021 and determined ratios for each service to days of care. The applicant projects utilization of IP imaging services, as illustrated in the tables below.

Service	CY 2021 Atrium Health Cabarrus' Atrium Health Harrisburg Acuity Appropriate Patient Days	Ratio to Days of Care
Total Days	64,362	
IP Ultrasound	2,571	4.0%
IP X-ray	18,735	29.1%
IP Echocardiogram	3,691	5.7%
IP CT	13,061	12.1%
IP MRI	2,149	3.3%

Source: Section Q, Form C Assumptions and Methodology, page 13; CMHA internal data

Projected Inpatient Imaging at Atrium Health Harrisburg				
Service	Acuity Appropriate Ratio to Days of Care	2026	2027	2028
Total Days		3,000	4,665	6,448
IP Ultrasound	4.0%	120	186	258
IP X-ray	29.1%	873	1,358	1,877
IP Echocardiogram	5.7%	172	268	370
IP CT	12.1%	362	562	777
IP MRI	3.3%	100	156	215

Source: Section Q, Form C Assumptions and Methodology, page 14

Step 8: Project Emergency and Outpatient CT Utilization at Atrium Health Harrisburg

The applicant begins with the historical utilization of ED and OP utilization of the existing CT scanner located at Atrium Health Harrisburg. The applicant states that historical CT scans performed on patients that were later admitted for IP care were excluded to avoid duplication of CT utilization illustrated in the table above. According to CMHA internal data, CT scanner utilization increased annually by 13.5 percent from CY 2019 to CY 2021 and grew 37.1 percent between CY 2020 and CY 2021. Considering the rebound from COVID-19, the applicant reasonably projects a growth of 1.9 percent annually, which is equivalent to the NCOSBM Cabarrus County projected population growth rate from 2022 to 2028.

Historical Atrium Health Harrisburg CT Scanner Utilization					
	2019	2020	2021	CY 2019-CY 2021 CAGR	CY 2020-CY 2021 Growth
ED and OP CT scans	5,130	4,823	6,611	13.5%	37.1%

Source: Section Q, Form C Assumptions and Methodology, page 14; CMHA internal data

Projected Atrium Health Harrisburg ED and OP CT Scanner Utilization	
Year	Emergency and OP CT scan
2022	6,736
2023	6,863
2024	6,992
2025	7,124
2026	7,259
2027	7,396
2028	7,535
2022-2028 CAGR	1.9%

Source: Section Q, Form C Assumptions and Methodology, page 15

To project HECT units, the applicant applied Atrium Health Harrisburg’s 2021 ratio of HECT units to OP and ED CT scans to its projected number of CT scans, excluding inpatients. The applicant states that its methodology is reasonable considering that CT scans performed on all Atrium Health Cabarrus inpatients (not acuity adjusted) experienced a higher ratio HECT units per CT scan than Atrium Health Harrisburg OP and ED CT scans.

Projected Atrium Health Harrisburg HECTS Units			
	2026	2027	2028
Total Atrium Health Harrisburg CT scans	7,620	7,958	8,313
HECT Units per Scan	1.66	1.66	1.66
Total HECT Units	12,676	13,265	13,884

Source: Section Q, Form C Assumptions and Methodology, page 15

MRI Scanner Utilization

Step 9: Project Emergency and Outpatient MRI Scans and Calculate Weighted MRI scans.

The applicant is proposing to relocate and replace an existing MRI scanner located at Atrium Health MRI. The applicant examined the historical utilization of the existing MRI scanner. The applicant states that Atrium Health MRI closed due to COVID-19 and was subsequently reopened September 2021 operating 2.5 days per week. The MRI scanner ceased operation February 2022 due to staff shortages. Beginning August 2022, the MRI scanner began operating at its pre-pandemic schedule, four days per week. The applicant assumes that the MRI scanner will return to pre-COVID-19 levels for the remainder of CY 2022.

Historical Atrium Health MRI Scanner Utilization			
	2019	2020	2021
OP with Contrast	465	166	280
OP without Contrast	1,116	302	549
Total OP MRI scans	1,631	468	829

Source: Section Q, Form C Assumptions and Methodology, page 16; CMHA data

The applicant projects annual utilization in CY 2023 will grow at an annual rate of 1.9 percent, which is equivalent to the NCOSBM Cabarrus County projected population growth rate from 2022 to 2028.

Projected Utilization of Atrium Health Fixed MRI	
Year	MRI Scans
2022	680
2023	1,631
2024	1,662
2025	1,693
2026	1,725
2027	1,758
2028	1,791
2023-2028 CAGR	1.9%

Source: Section Q, Form C Assumptions and Methodology, page 16

The applicant assumes that once the MRI scanner is replaced and relocated to Atrium Health Harrisburg, MRI utilization will shift from Atrium Health MRI due to the convenient location and the lack of MRI capacity at the Atrium Health Cabarrus and Copperfield locations to accommodate shifted volume. Additionally, the applicant projects incremental OP MRI scans based on Atrium Health Cabarrus' CY 2021 ratio of OP MRI scans to IP MRI scans (Including MRI scans for ED patients), as illustrated below.

Service	Acuity Appropriate Ratio to IP MRI Scans to OP MRI Scans	2026	2027	2028
IP MRI Scans		100	156	215
OP MRI Scans	83.8%	84	131	180

Source: Section Q, Form C Assumptions and Methodology, page 17

The applicant projects IP MRI utilization at Atrium Health Harrisburg.

Service	2026	2027	2028
OP MRI Scans Shifted from Atrium Health MRI	1,725	1,758	1,791
OP MRI Scans as a Percentage of IP MRI Scans	84	131	180
Total OP MRI Scans	1,809	1,888	1,971

Source: Section Q, Form C Assumptions and Methodology, page 17

The applicant projects the weighted MRI scans at Atrium Health Harrisburg based on Atrium Health Cabarrus' experience. The applicant's assumptions are reasonable considering Atrium Health Harrisburg is a campus of Atrium Health Cabarrus and shares the same medical staff.

Service	2026	2027	2028
Total Atrium Health Harrisburg IP MRI Scans	100	156	215
Total Atrium Health Harrisburg OP MRI Scans	1,809	1,888	1,971
Total Atrium Health MRI Scans	1,909	2,044	2,187
Total Atrium Health Weighted MRI Scans	2,175	2,351	2,539

Source: Section Q, Form C Assumptions and Methodology, page 17

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

- The applicant relied on its historical utilization of acuity appropriate patients that are subsequently admitted to Atrium Health Cabarrus, to project future growth.
- The applicant reasonably projects a shift of acute care and MRI patients to Atrium Health Harrisburg upon project completion.
- The applicant accounts for decreased utilization of its existing services during the COVID-19 pandemic and adjusts its projections based on historical data.
- The applicant projects utilization using half of the historical CAGR of 3.7 percent of patient days from CY 2019 – CY 2021 which is equivalent to the historical CAGR of Atrium Health Harrisburg’s existing services and utilizes Cabarrus County’s projected population growth rate from 2022-2028.

Access to Medically Underserved Groups

In Section C, page 59, the applicant states:

“Atrium Health Cabarrus provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...As a facility of Atrium Health Cabarrus, all CMHA policies will apply to the proposed Atrium Health Harrisburg. As noted in CMHA’s Non-Discrimination Policy Statement, ‘[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, sex, age, disability or source of payment.’ CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing - for all. This includes the medically underserved.”

The applicant provides the estimated percentage for each medically underserved group in the third full fiscal year, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	
Racial and ethnic minorities	21.0%
Women	61.5%
Persons with Disabilities	
Persons 65 and Older	40.7%
Medicare beneficiaries	45.7%
Medicaid recipients	12.5%

On page 60, the applicant states that CMHA does not maintain data on low-income or disabled persons it serves. 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 states that it will provide service to all residents of the service area, including underserved groups, without regard for anything other than the need for medical care.
- The applicant has a history of providing access to all persons, including underserved groups.
- The applicant provides documentation of its existing policies regarding non-discrimination and financial access in Exhibit C.6.

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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

In Section D, pages 66-67, 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 pages 66-67, the applicant states:

“...the relocation of existing acute care beds and an operating room from Atrium Health Cabarrus to Atrium Health Harrisburg – along with other approved projects under development – will help to mitigate capacity constraints at the Atrium Health Cabarrus campus and provide a more convenient and accessible alternative facility for patients from the Harrisburg area who today are accessing inpatient and surgical care at Atrium Health Cabarrus. Though Atrium Health Cabarrus’s occupancy rate is projected to remain high, CMHA’s ability to expand bed and operating room capacity to meet demand is limited...in the absence of the proposed project, the patients projected to be served at Atrium Health Harrisburg would continue to be served at Atrium Health Cabarrus.

...

The proposed project also involves the replacement and relocation of an existing fixed MRI scanner from Atrium Health MRI to Atrium Health Harrisburg...the fixed MRI service in its existing location has been chronically under-utilized and CMHA believes that relocating it to Atrium Health Harrisburg to enhance the complement of convenient outpatient imaging services already on the campus and to support its inpatient and emergency needs will result in more effective utilization of this existing resource. Upon relocation of the fixed MRI scanner to Atrium Health Harrisburg, Atrium Health MRI will cease operations as MRI is the sole service offered at the location.”

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

- The applicant is relocating services to Atrium Health Harrisburg, a campus of Atrium Health Cabarrus that serves Atrium Health Harrisburg patients residing in the service area.
- The applicant reasonably projects that patients currently receiving MRI services at Atrium Health MRI, will transfer their care to Atrium Health Harrisburg, a more convenient and accessible location.

In Section Q, Form D.1, page 7, the applicant provides projected utilization, as illustrated in the following table.

Atrium Health Cabarrus Historical and Projected Acute Care Bed Utilization						
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	1st Full FY
	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Acute Care Beds						
# of Beds	447	447	447	447	469*	445
# Discharges	25,824	26,311	26,808	27,314	27,829	27,777
# of Patient Days	134,241	136,774	139,355	141,984	144,663	144,393
Average Length of Stay	5.2	5.2	5.2	5.2	5.2	5.2
Occupancy Rate	82.3%	83.8%	85.4%	87.0%	84.5%	88.9%

Source: Section Q, Form D.1, page 7

*In Project F-12116-21, the applicant was approved to develop 22 acute care beds at Atrium Health Cabarrus.

In Section Q, Form D Assumptions and Methodology, pages 1-3, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Acute Care Utilization

The applicant begins its projections with the historical patient day utilization of acute care beds at Atrium Health Cabarrus. The facility experienced a CAGR of 8.9 percent from CY 2019 to CY 2021. In a previous application (Project ID# F-12116-21), the applicant projected a total of 125,989 acute care days at Atrium Health Cabarrus in CY 2021 (January-May annualized). However, the facility exceeded these projections, as illustrated in the table below.

Atrium Health Cabarrus Historical Utilization				
	2019	2020	2021	2019 – 2021 CAGR
Total Patient Days	113,226	112,851	134,241	8.9%

Source: Section Q, Form D Assumptions and Methodology, page 1

The applicant assumes that CY 2021 days of care will increase annually at 1.9 percent, which is equivalent to the NCOSBM Cabarrus County projected population growth rate from 2022 to 2028.

The following table illustrates the total projected days, which includes the days projected to shift to Atrium Health Harrisburg and the number of patient days projected to remain at Atrium Health Cabarrus.

Atrium Health Cabarrus Projected Utilization					
	2022	2023	2024	2025*	2026^
Total Patient Days	136,774	139,355	141,984	144,663	147,393
Total Atrium Health Harrisburg Patient Days					3,000
Total Patient Days Remaining at Atrium Health Cabarrus	136,774	139,355	141,984	144,663	143,393
Beds at Atrium Health Cabarrus	447	447	447	469	445
Atrium Health Cabarrus Occupancy	83.8%	85.4%	87.0%	84.5%	88.9%

Source: Section Q, Form D Assumptions and Methodology, page 2

*Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21.

^Includes the relocation of 24 existing acute care beds at Atrium Health Harrisburg.

Operating Room Utilization

The applicant begins its projections with the historical surgical utilization at Atrium Health Cabarrus, as illustrated in the table below.

Atrium Health Cabarrus Historical Utilization					
	2019	2020	2021	2019-2021 CAGR	2020-2021 CAGR
Total IP Cases Excluding C-Sections	5,269	4,734	4,992	-2.7%	5.4%
Total OP Cases	5,188	4,516	5,629	4.2%	24.6%
Total Surgical Cases	10,457	9,250	10,621	0.8%	14.8%

Source: Section Q, Form D Assumptions and Methodology, page 2; CMHA internal data

The applicant states that although IP cases have not returned to pre-pandemic levels, cases have increased from CY 2020 to CY 2021. The applicant projects that IP cases will remain at CY 2021 levels. Although OP cases experienced a 4.2 percent annual growth rate, the applicant projects that OP cases will increase annually at 1.9 percent, which is equivalent to the NCOSBM Cabarrus County projected population growth rate from 2022 to 2028.

Atrium Health Cabarrus Utilization					
	2022	2023	2024	2025*	2026^
Total IP Surgical Cases	4,992	4,992	4,992	4,992	4,992
Total OP Surgical Cases	5,735	5,843	5,954	6,066	6,180
Total Atrium Health Harrisburg IP Surgical Cases					58
Total Atrium Health Harrisburg OP Surgical Cases					283
Total IP Surgical Cases Remaining at Atrium Heath Cabarrus	4,992	4,992	4,992	4,992	4,934
Total OP Surgical Cases Remaining at Atrium Heath Cabarrus	5,735	5,843	5,954	6,066	5,897
Total Surgical Hours at Atrium Health Cabarrus	28,703	28,938	29,177	29,421	28,865
Standard Hours per OR per Year	1,755	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR Year					16.4
ORs at Atrium Heath Cabarrus					16.0
OR Deficit / (Surplus)					0.4

Source: Section Q, Form D Assumptions and Methodology, page 3

*Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21.

^Includes the relocation of 24 existing acute care beds at Atrium Health Harrisburg.

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

- The applicant relies on historical utilization of acute care patient days and surgical cases at Atrium Health Cabarrus, to project future growth.
- The applicant projects utilization for OP surgical cases using a CAGR equivalent to the NCOSBM Cabarrus County’s projected population growth rate from CY 2022 to CY 2028.
- The applicant states there would still be a deficit of OR capacity at Atrium Health Cabarrus even if one OR wasn’t being relocated since growth is occurring.

Access to Medically Underserved Groups

In Section D, page 67, the applicant states:

“...the relocation of existing acute care beds and an operating room from Atrium Health Cabarrus to Atrium Health Harrisburg will help to mitigate capacity constraints at Atrium Health Cabarrus and, as a result, will not negatively impact Atrium Health Cabarrus’ provision of inpatient and surgical services or affect projected access to inpatient, surgical, or any other services at Atrium Health Cabarrus for low income persons, racial and ethnic minorities, women, handicapped

persons, the elderly, or any other underserved group. In fact, the development of inpatient and surgical services will enhance convenient access to these services for those patients for whom Atrium Health Harrisburg is closer to home.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use acute care and surgical services will be adequately met following completion of the project based on the applicant proposing to relocate services that will enhance access to patients residing in the Harrisburg service area who currently access services at Atrium Health Harrisburg and are subsequently transferred or seek care at Atrium Health Cabarrus.

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 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.

C

The applicant proposes to expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

In Section E, pages 71-72, 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-In addition to addressing the issue of population growth and development in Harrisburg, the applicant states that the proposal would provide a more convenient location for Cabarrus County residents. The applicant states that Atrium Health Harrisburg patients seeking ED services that are subsequently transported to Atrium Health Cabarrus would continue to experience the inconvenience of transport to Atrium Health

Cabarrus. This includes Harrisburg residents traveling to the Atrium Health Cabarrus for IP and surgical services. Therefore, this is the less effective alternative.

Relocate a Different Number of Beds and/or Services-The applicant states that the proposed 24 acute care beds are sufficient to meet the needs of patients in the Harrisburg service area and those served by Atrium Health Cabarrus, based on the volume of patients choosing admission to Atrium Health Cabarrus, including those through the ED at Atrium Health Harrisburg. Relocating fewer beds would not meet the needs of the physicians that plan to admit these patients to Atrium Health Harrisburg. Additionally, relocating more than 24 beds would leave less capacity at Atrium Health Cabarrus. The applicant states that the other services proposed are sufficient to support the 24 acute care beds. Therefore, this is the less effective alternative.

On pages 71-72, the applicant states that its proposal is the most effective alternative that will provide a convenient and less expensive alternative for Harrisburg residents who are required to travel or be transferred to Atrium Health Cabarrus.

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

- The demonstrated population growth and development in the Harrisburg service area, the high utilization of Atrium Health Harrisburg's ED and OP services, and the potential number of patients that will be referred to Atrium Health Harrisburg by local physicians.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall expand an existing hospital campus, Atrium Health Harrisburg, by relocating no more than 24 acute care beds and one OR from Atrium**

Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

- 3. Upon completion of the project, Atrium Health Harrisburg shall be licensed for no more than 24 acute care beds, one operating room and one fixed MRI scanner.**
- 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. The first progress report shall be due on October 2, 2023.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 6. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 7. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
- 8. 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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 11, the applicant projects the total capital cost of the project, as shown in the table below.

Atrium Health Harrisburg Capital Costs	
Site Preparation	\$2,159,000
Construction/Renovation Contract(s)	\$43,282,000
Landscaping	\$125,000
Architect/Engineering Fees	\$3,327,000
Medical Equipment	\$16,506,000
Non-Medical Equipment	\$1,235,000
Furniture	\$933,000
Consultant Fees (CON and Legal)	\$320,000
Financing Costs	\$379,000
Interest during Construction	\$2,871,000
Other (IS, Security, Internal Allocation)	\$14,685,000
Total	\$85,822,000

The applicant provides its assumptions and methodology for projecting capital cost in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the architect's experience with estimated costs associated with similar projects, such as site preparation, construction, architecture and engineering, medical equipment, and furniture costs.

On page 75, the applicant states that there will be no start-up or initial operating costs associated with this project because Atrium Health Harrisburg is an existing, operational facility and the operating costs to develop the other services are part of the ongoing operational costs.

Availability of Funds

In Section F, page 73, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	The Charlotte-Mecklenburg Hospital Authority	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$85,822,000	\$85,822,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$85,822,000	\$85,822,000

*OE = Owner's Equity

In Exhibit F.2-1, the applicant provides a letter dated August 15, 2022, from the Executive Vice President and Chief Financial Officer for Charlotte-Mecklenburg Hospital Authority stating its commitment of accumulated reserves to fund the capital cost of the proposed project.

Exhibit F.2-2 contains a copy of the audited financial statements for Charlotte-Mecklenburg Hospital Authority for the year ended December 31, 2021. According to the financial report, as of December 31, 2021, Charlotte-Mecklenburg Hospital Authority had adequate accumulated reserves to fund the projected capital requirements of the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based the information provided in Section F and Exhibits F.2-1 and F.2-2 of the application.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Atrium Health Harrisburg	1 st Full FY CY2026	2 nd Full FY CY2027	3 rd Full FY CY2028
Total Patient Days of Care	3,000	4,665	6,448
Total Gross Revenue	\$122,388,663	\$174,647,070	\$233,430,461
Total Net Revenue	\$31,843,520	\$46,133,993	\$62,215,625
Average Net Revenue per Patient Day	\$10,615	\$9,889	\$9,649
Total Operating Expenses (Costs)	\$29,034,682	\$35,617,856	\$42,993,032
Average Operating Expense per Patient Day	\$9,678	\$7,635	\$6,668
Net Income	\$2,808,838	\$10,516,137	\$19,222,594

Atrium Health Harrisburg	1st Full FY CY2026	2nd Full FY CY2027	3rd Full FY CY2028
Total IP and OP Surgical Cases (operating and procedure room)	1,291	2,006	2,774
Total Imaging Services (MRI, CT, X-ray, Ultrasound, Echo)	16,016	17,428	18,936

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:

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.
- 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 and 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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

The 2022 SMFP defines the service area for acute care bed and operating room services as a single or multi-county grouping as shown in Figure 5.1. The 2022 SMFP defines the service

area for a fixed MRI scanner as “the same as an Acute Care Bed Service area as defined in Chapter 5 and shown in Figure 5.1.” Thus, the service area for this facility consists of Cabarrus County. Facilities may also serve residents of counties not included in their service area. Table 5A on page 39 of the 2022 SMFP shows that Atrium Health Cabarrus is the only facility in Cabarrus County with acute care beds. The following table identifies the existing and approved ORs located in Cabarrus County, from Table 6A, page 57 of the 2022 SMFP.

Cabarrus County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Total Surgical Hours
Gateway Surgery Center	0	4	0	0	2	4,189.5
Atrium Health Cabarrus	4	0	17	-2	-2	24,936.5
Eye Surgery and Laser Clinic, Inc.	0	2	0	0	0	2,380.5
Total	4	6	17	-2	0	31,506.5

The following table identifies the existing and approved fixed MRI scanners located in Cabarrus County, from Table 17E-1, pages 345-346 of the 2022 SMFP.

Fixed MRI Scanners in Cabarrus County			
Provider	# of Fixed MRI Scanners	Total MRI Scans	Adjusted Total
Atrium Health Cabarrus	1	729	827
Atrium Health Cabarrus-Copperfield Imaging Center	2	6,167	7,247
Atrium Health Cabarrus-Main	2	8,752	12,150
Carolina HealthCare System Imaging-Kannapolis	1	1,512	1,635
Novant Health Imaging Cabarrus	1	1,700	1,842
Totals	7	18,860	23,701

In Section G, page 85, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved services proposed in Cabarrus County. The applicant states:

“...Atrium Health Cabarrus is the only hospital facility in the proposed service area. The proposed project involves the relocation of existing acute care beds and an operating room from Atrium Health Cabarrus to Atrium Health Harrisburg and the replacement and relocation of an existing MRI scanner from Atrium Health MRI to Atrium Health Harrisburg; each of these three facilities are operated under a single hospital license. Given than the project involves only the redistribution of existing resources, all to remain under the same license, the proposed project will not result in any duplication of existing or approved health service facilities located in the proposed service area.”

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

- The proposal would not result in an increase in the number of acute care beds, operating rooms, or MRI scanners in the service area.
- The applicant adequately demonstrates that the services proposed in the applications are needed in addition to the existing or approved services.
- The applicant is proposing to relocate services within the same service area to an existing facility under the same license.

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.

- (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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

In Section Q, Form H, page 28, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE Staff	Projected FTE Staff
	As of 12/31/2021	2 nd Full Fiscal Year CY 2027
CT Tech	3.2	5.6
MRI Tech	0	4.6
OR Nursing	0	3.6
Surgical Tech	0	2.0
Admin Leader	0	1.0
Clinical Case Management	0	1.3
Courier	0	1.0
Dietary	0	3.2
ED HCT	0	2.6
ED Nurse Manager	0	0.5
ED Nursing	0	6.3
EVS	0	3.5
Facilities	0	0.4
Imaging Nursing	0	2.0
Imaging Supervisor	0	1.0
Imaging Tech	0	7.0
Materials Management	0	1.0
Med/Surg HCT	0	9.1
Med/Surg Nursing	0	18.1
Med/Surg Nursing Leader	0	1.0
Physical Therapy	0	1.2
Registration	0	1.0
Respiratory	0	2.1
Security	0	0.4
Ultrasound Tech	0	1.8
Lab Tech	0	1.0
TOTAL	3.2	82.3

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 F.3b. In Section H, pages 87-89, 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:

- CMHA recruits staff through traditional means, such as social networking sites, search engine optimization and job fairs.
- The applicant recruits hard-to fill nursing positions through two nursing schools within the CMHA health system.
- The applicant developed several recruiting strategies in response to the workforce shortage.
- All potential staff are required to meet performance standards and competency levels and maintain appropriate certification.

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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On page 90, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is proposing ancillary and support services that are required for inpatients and surgical inpatients.
- The applicant provides a letter from the vice president of Atrium Health Cabarrus documenting the availability of ancillary and support services.

Coordination

In Section I, page 91, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on Atrium Health Cabarrus' established relationships with healthcare providers in the service area which will be extended to Atrium Health Harrisburg.

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:
- would be available under a contract of at least 5 years duration;
 - would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - would cost no more than if the services were provided by the HMO; and
 - would be available in a manner which is administratively feasible to the HMO.

NA

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

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

C

The applicant proposes to expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

In Section K, page 94, the applicant states that the project involves constructing 49,392 square feet of new space and renovating 4,459 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

On pages 94-95, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the applicant's proposal to incorporate energy efficiency and cost-saving methods to develop the project.

On page 95, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant is proposing to expand an existing facility as opposed to developing a new facility that can increase construction costs.
- The applicant is proposing to expand Atrium Health Harrisburg that will offer Harrisburg residents convenient, hospital-based services.

In Section B, pages 28-29, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

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.

- (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, pages 98-99, the applicant provides the historical payor mix during CY 2021 for the proposed services. Atrium Health Harrisburg is a hospital campus of Atrium Health Cabarrus that provides ED and outpatient services only. The following tables illustrate the historical payor mix for both facilities.

Atrium Health Harrisburg Historical Payor Mix Last full FY, CY 2021	
Payor Source	Percent of Total
Self-Pay	13.0%
Charity Care**	
Medicare*	18.6%
Medicaid*	23.6%
Insurance*	41.3%
Other^	3.5%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

Atrium Health Cabarrus Projected Payor Mix Last full FY, CY 2021	
Payor Source	Percent of Total
Self-Pay	5.9%
Charity Care**	
Medicare*	45.7%
Medicaid*	12.5%
Insurance*	34.0%
Other^	1.9%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

In Section L, page 100, the applicant provides the following comparison.

Atrium Health Harrisburg	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of Mecklenburg County	Percentage of the Population of Cabarrus County
Female	59.4%	51.7%	51.0%
Male	40.6%	48.3%	49.0%
Unknown	0.0%	0.0%	0.0%
64 and Younger	86.2%	88.1%	86.5%
65 and Older	13.8%	11.9%	13.5%
American Indian	1.0%	0.9%	0.8%
Asian	1.3%	6.5%	5.7%
Black or African American	39.8%	33.3%	21.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%	0.1%
White or Caucasian	44.8%	56.6%	69.6%
Other Race	1.4%	2.6%	2.6%
Declined / Unavailable	11.6%	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>.

Atrium Health Cabarrus	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area*
Female	61.5%	51.0%
Male	38.4%	49.0%
Unknown	0.1%	0.0%
64 and Younger	59.3%	86.5%
65 and Older	40.7%	13.5%
American Indian	0.4%	0.8%
Asian	1.4%	5.7%
Black or African American	18.2%	21.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	67.0%	69.6%
Other Race	0.9%	2.6%
Declined / Unavailable	12.0%	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>.

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 101, the applicant states:

“...Atrium Health Harrisburg, is a facility of Atrium Health Cabarrus. Atrium Health Cabarrus is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by medically underserved.”

In Section L, page 101, 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, page 102, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Atrium Health Harrisburg Projected Payor Mix 3rd full FY, CY 2028	
Payor Source	Percent of Total
Self-Pay	11.6%
Charity Care**	
Medicare*	21.7%
Medicaid*	21.0%
Insurance*	42.3%
Other^	3.4%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 11.6% of total services will be provided to self-pay patients, 21.7% to Medicare patients and 21.0% to Medicaid patients.

On page 104, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects ambulatory and IP services based on the facility's historical payor mix of acuity appropriate patients in the service area presented at Atrium Health Harrisburg's ED that were transferred or sought care at Atrium Health Cabarrus.
- The applicant projects CT imaging and OP MRI payor mix based on the historical payor mix. The applicant accounts for the additional OP MRI patients expected to be served by Atrium Health Harrisburg upon project completion.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 106, 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

The applicant proposes to expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

In Section M, page 107, 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-1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- CMHA is an established health system in the community with relationships with various education institutions and their medical training programs such as Central Piedmont Community College, Queens University of Charlotte, Garner-Webb University, and Presbyterian School of Nursing.
- CMHA facilities are clinical rotation training sites for several advanced practice provider 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.

- (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 expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner from Atrium Health MRI.

The 2022 SMFP defines the service area for acute care bed and operating room services as a single or multi-county grouping as shown in Figure 5.1. The 2022 SMFP defines the service area for a fixed MRI scanner as “*the same as an Acute Care Bed Service area as defined in Chapter 5 and shown in Figure 5.1.*” Thus, the service area for this facility consists of Cabarrus County. Facilities may also serve residents of counties not included in their service area. The following table identifies the existing and approved ORs located in Cabarrus County, from Table 6A, page 57 of the 2022 SMFP.

Cabarrus County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Total Surgical Hours
Gateway Surgery Center	0	4	0	0	2	4,189.5
Atrium Health Cabarrus	4	0	17	-2	-2	24,936.5
Eye Surgery and Laser Clinic, Inc.	0	2	0	0	0	2,380.5
Total	4	6	17	-2	0	31,506.5

The following table identifies the existing and approved fixed MRI scanners located in Cabarrus County, from Table 17E-1, pages 345-346 of the 2022 SMFP.

Fixed MRI Scanners in Cabarrus County			
Provider	# of Fixed MRI Scanners	Total MRI Scans	Adjusted Total
Atrium Health Cabarrus	1	729	827
Atrium Health Cabarrus-Copperfield Imaging Center	2	6,167	7,247
Atrium Health Cabarrus-Main	2	8,752	12,150
Carolina HealthCare System Imaging-Kannapolis	1	1,512	1,635
Novant Health Imaging Cabarrus	1	1,700	1,842
Totals	7	18,860	23,701

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 109, the applicant states:

“The proposed project will enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 109, the applicant states:

“...the proposed project to relocate acute care capacity to Atrium Health Harrisburg will decrease the need for patients to be transported to Atrium Health Cabarrus and will reduce the need for acuity appropriate inpatients to leave the service area for care that has been provided historically by Atrium Health Cabarrus, providing a cost effective and efficient point of care for these patients closer to home and/or more conveniently located.”

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

Regarding the impact of the proposal on quality, in Section N, pages 109-110, the applicant states:

“CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry.

...

CMHA’s commitment to providing quality care is further demonstrated by its Performance Improvement, Utilization, and Risk Management Plans...As CMHA continues to expand its acute care services, these plans will continue to ensure that quality care is provided to all patients, including the services involved in this project.”

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 110, the applicant states:

“...the proposed project will reduce current barriers to access, including the travel time and often transport expense for Harrisburg area residents who already choose Atrium Health Harrisburg and Atrium Health Cabarrus for their care.

...

CMHA has long-promoted economic access to its services as CMHA historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, handicap, or ability to pay...”

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.

In Section Q, Form H, page 30, the applicant identifies the facilities that provide acute care and imaging services located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 70 of this type of facility located in North Carolina.

In Section O, page 114, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents resulting in an immediate jeopardy had not occurred in any of these facilities. According to the files in the Acute Care and Home licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 70 facilities, the applicant provided sufficient evidence that quality care has been provided in the past.

(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.

NA

The applicant is proposing to expand an existing hospital campus by relocating no more than 24 acute care beds and one OR from Atrium Health Cabarrus and replace and relocate no more than one fixed MRI scanner. There are no administrative rules that are applicable to proposals to relocate acute care beds, ORs, and MRI scanners.