

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 29, 2022

Findings Date: March 29, 2022

Project Analyst: Julie M. Faenza

Co-signer: Gloria C. Hale

COMPETITIVE REVIEW

Project ID #: F-12144-21

Facility: Novant Health Presbyterian Medical Center

FID #: 943501

County: Mecklenburg

Applicants: Novant Health, Inc.

The Presbyterian Hospital

Project: Develop no more than 22 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 519 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), and Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center)

Project ID #: F-12146-21

Facility: Atrium Health University City

FID #: 923516

County: Mecklenburg

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 12 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 116 acute care beds upon project completion

Project ID #: F-12147-21

Facility: Atrium Health Pineville

FID #: 110878

County: Mecklenburg

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 36 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 314 acute care beds upon completion of this project, Project ID #F-11622-18 (add 38 beds), and Project ID #F-12009-20 (add 7 beds)

Project ID #: F-12149-21
 Facility: Carolinas Medical Center
 FID #: 943070
 County: Mecklenburg
 Applicant: The Charlotte-Mecklenburg Hospital Authority
 Project: Develop no more than 75 acute care beds pursuant to the need determination in the 2021 SMFP for a total of 1,217 acute care beds upon completion of this project and Project ID #F-12008-20 (add 87 beds)

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

This competitive review involves two health systems in Mecklenburg County – Atrium Health and Novant Health. Each health system has acute care hospitals and numerous other facilities such as satellite emergency departments that will be discussed in these findings. Given the complexity of this review and the numerous facilities involved for each of the two health systems, the Project Analyst created the tables below listing each health system’s referenced facilities and the acronyms or abbreviations used in the findings.

Atrium Health System		
Facility Name	Type of Facility	Acronym/Abbreviations Used
Atrium Health Pineville	Acute care hospital	AH Pineville
Atrium Health Union*	Acute care hospital	AH Union
Atrium Health University City	Acute care hospital	AH University City
Carolinas Medical Center	Acute care hospital	CMC
Atrium Health Mercy	Satellite hospital campus of Carolinas Medical Center	AH Mercy
Atrium Health Lake Norman	Approved acute care hospital	AH Lake Norman

*Atrium Health Union is in Union County, not Mecklenburg County; it is included because it is discussed as part of projected utilization for all the Atrium Health facilities in Mecklenburg County.

Novant Health System		
Facility Name	Type of Facility	Acronym/Abbreviations Used
Novant Health Huntersville Medical Center	Acute care hospital	NH Huntersville / NHHMC
Novant Health Matthews Medical Center	Acute care hospital	NH Matthews / NHMMC
Novant Health Mint Hill Medical Center	Acute care hospital	NH Mint Hill / NHMHMC
Novant Health Presbyterian Medical Center	Acute care hospital	NH Presbyterian / NHPMC
Novant Health Ballantyne Medical Center	Approved acute care hospital	NH Ballantyne / NHBMC
Novant Health Steele Creek Medical Center	Approved acute care hospital	NH Steele Creek / NHSCMC

Other Acronyms/Abbreviations Used	
Acronym/Abbreviations Used	Full Term
ADC	Average Daily Census (# of acute care days / 365 days in a year)
ALOS	Average Length of Stay (average number of acute care days for patients)
CAGR	Compound Annual Growth Rate
CY	Calendar Year
ED	Emergency Department
FFY	Federal Fiscal Year (October 1 – September 30)
FY	Fiscal Year
HSA	Health Service Area
ICU	Intensive Care Unit
IP	Inpatient
LRA	License Renewal Application
NC OSBM	North Carolina Office of State Budget and Management
SMFP	State Medical Facilities Plan

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 – All Applications

Need Determination – Chapter 5 of the 2021 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2021 SMFP identified a need for 123 additional acute care beds in the Mecklenburg County service area. Four applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 145 new acute care beds in Mecklenburg County. However, pursuant to the need determination, only 123 acute care beds may be approved in this review for Mecklenburg County. See the Conclusion following the Comparative Analysis for the decision.

Only qualified applicants can be approved to develop new acute care beds. On page 34, the 2021 SMFP states:

“A qualified applicant is a person who proposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below... [listed on pages 34-35 of the 2021 SFMP].”*

Policies – There are two policies in the 2021 SMFP which are 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.”

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 29 of the 2021 SMFP, states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.

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

Policy GEN-4 applies to Project ID #s **F-12146-21, F-12147-21, and F-12149-21**. It does not apply to Project ID #**F-12144-21**.

Project ID #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

Novant Health, Inc. and The Presbyterian Hospital (hereinafter referred to as “Novant” or “the applicant”) propose to add 22 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), and Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center).

As defined by the 2021 SMFP acute care bed methodology on page 31:

*“A **hospital under common ownership** is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.”* (emphasis in original)

According to Table 5A on page 41 of the 2021 SMFP, the Novant Health System (NH System) has four existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Novant Health Presbyterian Medical Center (License H0010)
- Novant Health Matthews Medical Center (License H0270)
- Novant Health Huntersville Medical Center (License H0282)
- Novant Health Mint Hill Medical Center (License H0290)
- Novant Health Ballantyne Medical Center (Project ID #F-11625-18)

Additionally, a certificate of need for Project ID #F-11993-20 was issued on May 28, 2021, approving the development of Novant Health Steele Creek Medical Center, a new acute care hospital that will have 32 new acute care beds pursuant to the need determination in the 2020 SMFP.

As of the date of these findings, the NH System has 926 existing and approved acute care beds. The addition of 22 new acute care beds as proposed in this application would bring the total number of acute care beds in the NH System in Mecklenburg County to 948 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 24, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.

Policy GEN-3. In Section B, pages 26-28, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.

- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #F-12146-21/Atrium Health University City/Add 12 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 12 acute care beds to Atrium Health University City (AH University City), a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

As defined by the 2021 SMFP acute care bed methodology on page 31:

“A hospital under common ownership is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.” (emphasis in original)

According to Table 5A on page 41 of the 2021 SMFP, the Atrium Health System (AH System) has three existing hospitals in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042)
- Atrium Health University City (License H0255)

A certificate of need for Project ID #F-12010-20 was issued on May 28, 2021, approving the development of Atrium Health Lake Norman, a new acute care hospital that will have 30 acute care beds relocated from other Atrium hospitals in Mecklenburg County. Additionally, a certificate of need for Project ID #F-12084-21 was issued on October 26, 2021, approving the development of Atrium Health Steele Creek, a satellite campus of Atrium Health Pineville, by relocating existing beds from Atrium Health Pineville.

As of the date of these findings, the AH System has 1,554 existing and approved acute care beds. In Project ID #s F-12147-21 and F-12149-21, filed concurrently with this application

and which are also part of this competitive review, Atrium proposes to add 36 acute care beds to Atrium Health Pineville and 75 acute care beds to Carolinas Medical Center. The addition of 12 new acute care beds as proposed in this application, along with the addition of 36 new acute care beds as proposed in Project ID #F-12147-21 and 75 new acute care beds as proposed in Project ID #F-12149-21, would bring the total number of acute care beds in the AH System in Mecklenburg County to 1,677 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.

Policy GEN-3. In Section B, pages 27-30, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$2 million. In Section B, pages 30-31, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.

- The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 36 acute care beds to Atrium Health Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project, Project ID #F-11622-18 (add 38 beds), and Project ID #F-12009-20 (add 7 beds).

As defined by the 2021 SMFP acute care bed methodology on page 31:

“A hospital under common ownership is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.” (emphasis in original)

According to Table 5A on page 41 of the 2021 SMFP, the Atrium Health System (AH System) has three existing hospitals in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042)
- Atrium Health University City (License H0255)

A certificate of need for Project ID #F-12010-20 was issued on May 28, 2021, approving the development of Atrium Health Lake Norman, a new acute care hospital that will have 30 acute care beds relocated from other Atrium hospitals in Mecklenburg County. Additionally, a certificate of need for Project ID #F-12084-21 was issued on October 26, 2021, approving the development of Atrium Health Steele Creek, a satellite campus of Atrium Health Pineville, by relocating existing beds from Atrium Health Pineville.

As of the date of these findings, the AH System has 1,554 existing and approved acute care beds. In Project ID #s F-12146-21 and F-12149-21, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 12 acute care beds to Atrium Health University City and 75 acute care beds to Carolinas Medical Center. The addition of 36 new acute care beds as proposed in this application, along with the addition of 12 new acute care beds as proposed in Project ID #F-12146-21 and 75 new acute care beds as proposed in Project ID #F-12149-21, would bring the total number of acute care beds in the AH System in Mecklenburg County to 1,677 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.

Policy GEN-3. In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$2 million. In Section B, pages 31-32, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Project ID #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 75 acute care beds to Carolinas Medical Center (CMC), a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and Project ID #F-12008-20 (add 87 beds).

As defined by the 2021 SMFP acute care bed methodology on page 31:

“A hospital under common ownership is a hospital that is owned by the same or a related legal entity as at least one other acute care hospital in the same service area.” (emphasis in original)

According to Table 5A on page 41 of the 2021 SMFP, the Atrium Health System (AH System) has three existing hospitals in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042)
- Atrium Health University City (License H0255)

A certificate of need for Project ID #F-12010-20 was issued on May 28, 2021, approving the development of Atrium Health Lake Norman, a new acute care hospital that will have 30 acute care beds relocated from other Atrium hospitals in Mecklenburg County. Additionally, a certificate of need for Project ID #F-12084-21 was issued on October 26, 2021, approving the development of Atrium Health Steele Creek, a satellite campus of Atrium Health Pineville, by relocating existing beds from Atrium Health Pineville.

As of the date of these findings, the AH System has 1,554 existing and approved acute care beds. In Project ID #s F-12146-21 and F-12147-21, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 12 acute care beds to Atrium Health University City and 36 acute care beds to Atrium Health Pineville. The addition of 75 new acute care beds as proposed in this application, along with the addition of 12 new acute care beds as proposed in Project ID #F-12146-21 and 36 new acute care beds as proposed in Project ID #F-12147-21, would bring the total number of acute care beds in the AH System in Mecklenburg County to 1,677 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.

Policy GEN-3. In Section B, pages 27-30, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$2 million. In Section B, pages 31-32, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2021 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

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

C – All Applications

Project ID #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this and other projects under development.

Patient Origin – On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

Historical and Projected Patient Origin – Acute Care Services								
Area	CY 2020		FY 1 (CY 2024)		FY 2 (CY 2025)		FY 3 (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	18,873	69%	21,642	69%	22,169	69%	22,638	69%
Union	1,575	6%	1,882	6%	1,928	6%	1,968	6%
Gaston	1,287	5%	1,568	5%	1,606	5%	1,641	5%
York (SC)	1,045	4%	1,255	4%	1,285	4%	1,312	4%
Cabarrus	818	3%	941	3%	964	3%	984	3%
Rowan	665	2%	627	2%	643	2%	656	2%
Other*	3,097	11%	3,450	11%	3,534	11%	3,609	11%
Total	27,360	100%	31,365	100%	32,129	100%	32,808	100%

Source: Section C, pages 31-32

*"Other" includes patients from other North Carolina counties as well as from other states.

In Section C, page 32, 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’s projected patient origin is based on historical patient origin at the same facility.
- The applicant states COVID-19 has not had a material impact on historical patient origin.

Analysis of Need – In Section C, pages 34-43, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- According to the NC Office of State Budget and Management (NC OSBM), the populations of Mecklenburg and Union counties are projected to increase by 9.4

percent and 10.2 percent, respectively, between 2021 and 2026, while the statewide population is projected to increase by 8.7 percent between 2021 and 2026. Similarly, the populations age 65 and older in Mecklenburg and Union counties are projected to increase by 25.6 percent and 27.9 percent, respectively, between 2021 and 2026, while the statewide population age 65 and older is projected to increase by 16.1 percent between 2021 and 2026.

- Physician recruitment and expansion of service lines has led to more clinically complex patients and the ability to serve a wider range of patient needs at NH Presbyterian. The applicant states it has expanded surgical specialties, critical care services, cardiac services, oncology services, and neuroscience services. The applicant states that as a result of the recruitment and expansion of services, there has been an increase in the number of patients served, the average length of stay, and patient acuity at NH Presbyterian.
- The applicant states Novant hospitals, and NH Presbyterian in particular, have increased their market share by developing a “ring” of community hospitals to improve access and choice. The applicant states it has relocated existing assets where possible to increase utilization and has “been thrifty” in applying for additional acute care beds. The applicant states NH Presbyterian needs to maintain the current number of acute care beds and the approval of 22 beds as requested in this application will result in the same number of licensed acute care beds at NH Presbyterian in 2023 as there were at the time this application was filed.
- The applicant states increased utilization has increased use of the emergency department (ED) and can affect how long it takes for patients in the ED to be transferred to an inpatient room. The applicant states patients who have to stay too long in the ED can disrupt patient flow and delay care for other patients. The applicant states the addition of the 22 beds to offset beds being relocated to develop NH Ballantyne will prevent the existing delays from getting worse.

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

- The applicant uses reliable and publicly available data to demonstrate the projected population growth in the area.
- The applicant cites data from the same source used by the Agency in the development of the SMFP to support its statements about increases in length of stay, patient acuity, and market share.
- The applicant provides practical reasons to support its belief that it needs to develop an additional 22 acute care beds.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

NH Presbyterian Historical & Projected Utilization – Acute Care Beds				
	CY 2020	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
# of Beds	519	519	519	519
# of Discharges	27,360	31,365	32,129	32,808
# of Patient Days	151,045	161,216	165,143	168,633

In the Form C Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization for NH Presbyterian, which are summarized below.

- The applicant discussed the impact of the COVID-19 pandemic on historical data. Specifically, the applicant discussed the decrease in acute care days experienced by most hospitals between March – June 2020, the impact of later surges in cases, hospitalizations, and ICU admissions, and the adjusted calculations in the 2022 SMFP acute care bed methodology. The applicant states that while the nature of the COVID-19 pandemic has been unpredictable, it assumes there will not be any impact to long-term healthcare utilization trends and that any short-term effects will not impact utilization in CY 2026 (its third full fiscal year following project completion).
- The applicant used the adjusted need methodology for acute care days, approved by the State Health Coordinating Council (SHCC) for use in the 2022 SMFP, to calculate “adjusted” FFY 2020 acute care days at NH Presbyterian and used a facility-specific four-year Compound Annual Growth Rate (CAGR) to project utilization. The applicant also used the facility-specific Average Length of Stay (ALOS) for NH Presbyterian from FFY 2019, stating that FFY 2019 is the most recent year of data unaffected by COVID-19 and that the ALOS for FFY 2019 at NH Presbyterian is lower than in FFY 2020.
- The applicant used the adjusted need methodology for acute care days, approved by the SHCC for use in the 2022 SMFP, to calculate “adjusted” FFY 2020 acute care days at other Novant facilities when March – June 2020 utilization was lower than expected and there was at least three prior years of data available.
- The applicant converted projections from FFYs to CYs using the following formula:

$$CY = (FY * 0.75) + ([FY + 1] * 0.25)$$
- The applicant projected a shift in discharges from NH Presbyterian to NH Steele Creek, consistent with its previously approved application to develop NH Steele Creek (Project ID #F-11993-20).
- The applicant projected a shift in discharges from NH Presbyterian to NH Ballantyne, consistent with its previously approved application to add 20 acute care beds to NH Matthews (Project ID #F-11808-19).

The applicant’s assumptions, methodology, and projected utilization of acute care beds at NH Presbyterian during the first three full fiscal years following project completion are summarized in the table below.

NH Presbyterian Projected Utilization								
	FFY 2020*	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026	FFY 2027
Discharges (3% CAGR)	28,260	29,108	29,981	30,880	31,807	32,761	33,744	34,756
	CY 2020*	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	
Conversion to CY	28,472	29,326	30,206	31,112	32,045	33,006	33,997	
Shift to NH Steele Creek		--	--	--	--	-54	-341	
Shift to NH Ballantyne		--	--	-544	-680	-823	-848	
Total Discharges	28,472	29,326	30,206	30,568	31,365	32,129	32,808	
Days (ALOS = 5.14 days)		150,736	155,259	157,120	161,216	165,143	168,633	
ADC**		413	425	431	442	453	462	
Total Beds		519	519	497	519	519	519	
Occupancy Rate		79.6%	81.9%	86.7%	85.2%	87.3%	89.0%	

*FFY 2020 was adjusted consistent with the COVID-19 adjustments to methodology in Chapter 5 of the 2022 SMFP

**Average Daily Census = Number of days / 365 days per year

Novant Health System

The NH System for acute care beds in Mecklenburg County consists of NH Matthews, NH Huntersville, NH Presbyterian, NH Mint Hill, and the approved NH Ballantyne and NH Steele Creek. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected Average Daily Census (ADC) is greater than 200 patients in the third operating year following completion of the proposed project.

In Section C, pages 53-56, the applicant provides the assumptions and methodology used to project acute care bed utilization for the entire health system, as summarized below.

- The applicant began with each hospital’s FFY 2020 adjusted acute care days as reported in the 2022 SMFP and applied a projected Mecklenburg County Growth Rate Multiplier (CGRM) of 3.31 percent to the FFY 2020 acute care days.

On page 54, the applicant referred to the CGRM of 3.31 percent as “...the expected 2022 SMFP CGRM for Mecklenburg County.” The adjustments to acute care days due to COVID-19 that were used in the 2022 SMFP relied on average acute care days for a specific month during the previous three FFYs. Because NH Mint Hill opened in October 2018, it did not have three FFYs of prior data. The methodology to calculate adjusted acute care days in the 2022 SMFP did not include consideration for facilities that had been open fewer than three full FFYs, so in the Proposed 2022 SMFP published in July 2021, NH Mint Hill was originally shown as having no reported acute care days during FFY 2020. Novant submitted a petition to the SHCC to add the acute care days actually reported by NH Mint Hill for FFY 2020 into the 2022 SMFP. The

SHCC decided to include the actual acute care days for NH Mint Hill in Table 5A, but to exclude those days from the calculation of the CGRM for Mecklenburg County. The 2022 SMFP, signed by the governor on December 17, 2021, and available to the Agency during this review, shows the CGRM for Mecklenburg County as 3.31 percent.

- The applicant converted projections from FFYs to CYs using the following formula:

$$CY = (FY * 0.75) + ([FY + 1] * 0.25)$$

- The applicant did not include the projected utilization of NH Ballantyne or NH Steele Creek as part of the projections; it treats NH Ballantyne as having a surplus of 36 beds and NH Steele Creek as having a surplus of 32 acute care beds in CY 2026 for purposes of demonstrating consistency with the performance standards.
- The applicant projected CY 2026 utilization, including the 22 acute care beds proposed to be developed as part of this project.

The applicant’s projections are summarized in the table below.

Novant Health System Projected Acute Care Bed Utilization							
	NHPMC	NHMMC	NHHMC	NHMHMC	NHBMC	NHSCMC	NH System
FFY 2020 Acute Care Days Adjusted for COVID-19	148,333	41,291	27,955	7,530	0	0	225,109
FFY 2020 Acute Care Beds (Existing/Approved)	497	174	151	36	36	32	926
Mecklenburg County Growth Rate Multiplier	1.0331	1.0331	1.0331	1.0331	1.0331	1.0331	1.0331
FFY 2025 Acute Care Days	174,562	48,592	32,898	8,861	0	0	264,914
FFY 2026 Acute Care Days	180,340	50,201	33,987	9,155	0	0	273,682
CY 2026 Acute Care Days	176,007	48,994	33,170	8,935	0	0	267,106
CY 2028 Projected Acute Care Beds	519	174	151	36	36	32	948
CY 2026 Projected ADC							730
CY 2026 Projected Acute Care Beds							948
CY 2026 NH System Projected Occupancy							77.0%

Source: Section C, page 55

As shown in the table above, in the third full fiscal year following project completion, the applicant projects the utilization for all acute care beds owned by the applicant in Mecklenburg County will be 77 percent. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients.

In attempting to verify the applicant’s representations, the Project Analyst discovered an error in the calculations. When converting FFYs to CYs for CY 2026, the applicant used the wrong set of FFYs and inadvertently projected system utilization for CY 2025, not CY 2026. FFY 2025 is October 1, 2024, through September 30, 2025; FFY 2026 is October 1, 2025, through September 30, 2026. To obtain the proper calculation for CY 2026, the

applicant needed to apply the conversion equation to FFY 2026 and FFY 2027, which is October 1, 2026, through September 30, 2027. Said another way, the applicant projects it will meet the required performance standard at the end of its second full fiscal year following project completion.

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

- The applicant analyzed the projected impact of the COVID-19 pandemic on its historical utilization and provided reasonable and adequately supported justifications for why it adjusted some of the projections it might ordinarily use in the absence of the COVID-19 pandemic.
- The applicant calculated multiple growth rates for discharges and acute care days at NH Presbyterian and NH Huntersville and used the lowest of the growth rates to project utilization at each facility.
- The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.
- To demonstrate that it meets the required performance standard, the applicant projected no growth at two proposed facilities, included all existing, approved, and proposed acute care beds, and still met the required performance standard an entire full fiscal year prior to when it was required to meet the performance standard.
- To demonstrate that it meets the required performance standard, the applicant projected growth based on the CGRM for Mecklenburg County as published in the 2022 SMFP, which is lower than the growth in acute care days at NH Presbyterian, NH Matthews, and NH Huntersville, the hospitals that have sufficient historical utilization to allow for calculations of historical growth rates.

Access to Medically Underserved Groups – In Section C, pages 48-51, the applicant describes how it will provide access to medically underserved groups. On page 48, the applicant states:

“The proposed additional acute care beds at NH Presbyterian will improve access to acute care services for all area residents, including medically underserved patients. NH makes services accessible to indigent patients regardless of ability to pay. NH Presbyterian will provide services to all persons regardless of race, sex, age, religion, creed, disability, national origin, or ability to pay.”

On page 51, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	48%
Women	60%
Persons aged 65 and older	24%
Medicare beneficiaries	28%
Medicaid recipients	16%

In Section C, page 51, the applicant states it does not keep data on low income persons and persons with disabilities.

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 its Patient Bill of Rights in Exhibit C-6.1 and its Patient Non-Discrimination Statement in Exhibit C-6.2, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides its Charity Care policy in Exhibit L-4.1.
- The applicant provides examples of community initiatives it is involved with that provide care to medically underserved patients.
- The applicant provides information about Novant’s CMS Health Equity Award received in March 2018.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

Patient Origin – On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36,

shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH University City Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2020)		FY 1 (CY 2024)		FY 2 (CY 2025)		FY 3 (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	5,411	81.2%	6,270	78.0%	6,218	76.2%	6,150	74.3%
Cabarrus	546	8.2%	796	9.9%	873	10.7%	952	11.5%
Iredell	106	1.6%	265	3.3%	335	4.1%	406	4.9%
Other*	603	9.0%	707	8.8%	734	9.0%	770	9.3%
Total	6,666	100.0%	8,038	100.0%	8,161	100.0%	8,277	100.0%

Source: Section C, pages 34, 37

*Includes other North Carolina counties and other states

In Section C, page 36, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant made adjustments to its historical patient origin to account for projected shifts in patients to other locations.

Analysis of Need – In Section C, pages 39-75, the applicant combined its discussion of need for additional acute care beds at AH University City with discussion of the AH System need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). In a competitive review, every application is first evaluated independently, as if there are no other applications in the review, to determine whether the application is conforming to all statutory and regulatory review criteria. Therefore, the discussion in this section focuses only on the need as it relates to AH University City in this specific application under review.

In Section C, Atrium discusses how acute care bed need determinations in Mecklenburg County have been generated entirely by Atrium facilities. However, on page 46 in Chapter 5 of the 2021 SMFP, it states:

“Any person can apply to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 48, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 65-75, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Acute care days at AH University City grew at an annual rate of 7.4 percent between CY 2016 and CY 2019, and despite the impact of the COVID-19 pandemic, growth rates are projected to increase based on CY 2020 and CY 2021 utilization.
- The applicant states it is utilizing the provisions of Executive Order 130, replacing temporary bed overflow requests, but will need to continue using temporary bed overflow requests due to capacity constraints even after Executive Order 130 expires.
- The applicant states AH University City operated at a capacity of 78.5 percent during CY 2020. AH University City’s utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that in December 2020, AH University City operated above 80 percent occupancy, based on the midnight census, on 30 of the 31 days, and operated above 90 percent occupancy, based on the midnight census, on 23 out of the 31 days.
- The applicant states the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was three hours for 2020, with certain times of year being worse than others. The applicant states the median wait time during the first half of 2021 was 12 hours and AH University City went on EMS diversion 15 times in August 2021 due to capacity constraints.
- According to ESRI, the population of the area served by Mecklenburg County facilities – the NC counties in HSA III along with three counties in South Carolina adjacent to the NC border – is projected to grow by an average of 8.4 percent between 2021 and 2026. The applicant further states that Mecklenburg County in NC and York County in SC are two of the fastest-aging counties in NC and SC, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents.

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

- The applicant uses verifiable historical data from AH University City to support its belief that it needs additional acute care bed capacity at AH University City.
- The applicant identifies circumstances at AH University City that support its belief that it needs additional acute care bed capacity at AH University City, such as its December

2020 occupancy rate and median wait time in the ED for available acute care beds for hospital admission.

- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

AH University City Acute Care Bed Historical/Projected Utilization				
	CY 2020	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
# of Beds	100	116	116	116
# of Discharges	6,666	8,038	8,161	8,277
# of Acute Care Days	28,661	34,563	35,088	35,586

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant calculated three different CAGRs for acute care days at AH University City, based on historical utilization, and then projected growth in acute care days by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it projected to shift to Piedmont Fort Mill Medical Center in previous applications. The previous applications had projected utilization out to CY 2026, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated AH University City’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from AH University City to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from AH University City to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2026, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from AH University City to AH Union through CY 2026.
- The applicant projected a shift in acute care days from AH University City to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at AH University City through CY 2026.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at AH University City.

AH University City Total Acute Care Bed Projected Utilization						
	CY 2021*	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Total Baseline Acute Care Days (3.25%)	32,574	33,633	34,726	35,854	37,020	38,223
Shift to Piedmont Fort Mill Medical Center	--	--	-57	-58	-60	-62
Shift to AH Union	-39	-79	-107	-136	-138	-141
Shift to AH Lake Norman	--	--	--	-1,098	-1,734	-2,434
Projected Total Acute Care Days	32,535	33,554	34,562	34,563	35,088	35,586
ADC	89	92	95	95	96	97
Beds	104	104	116	116	116	116
Occupancy %	85.7%	88.4%	81.6%	81.6%	82.9%	84.1%

Source: Section Q, Form C Assumptions and Methodology

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

Atrium Health System

The AH System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake

Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium treats AH Mercy as a separate facility for purposes of projecting utilization.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant calculated three different CAGRs for acute care days at AH Pineville and AH Mercy, based on historical utilization, and then projected growth in acute care days for each of those hospitals by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs for AH Pineville and AH Mercy based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent.
- The applicant states that CMC’s ability to grow its utilization is hampered because it has the highest bed deficit in the state. The applicant further notes there will not be an opportunity to develop any significant number of additional acute care beds until the patient tower being constructed on CMC’s campus is complete in CY 2026. The applicant states that due to those factors, it used a 1.61 percent annual growth rate for acute care days at CMC, equivalent to the CY 2016-2021 CAGR. Of the three separate CAGRs CMC calculated based on historical utilization, 1.61 percent is neither the lowest nor the highest growth rate.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it

projected to shift to Piedmont Fort Mill Medical Center in previous applications. The previous applications had projected utilization out to CY 2026, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from each Atrium hospital to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2026, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from each Atrium hospital to AH Union through CY 2026.
- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2026.

The table below summarizes the applicant's assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2026.

Summary of Projected Shifts in Acute Care Days						
	CY 2021*	CY 2022	CY 2023	FY 1 – CY 2024	FY 2 – CY 2025	FY 3 – CY 2026
AH Pineville**						
Acute Care Days	81,874	84,535	87,282	90,119	93,048	96,072
Projected Shifts	-806	-1,639	-7,220	-8,060	-8,309	-8,568
Adjusted Acute Care Days	81,068	82,896	80,062	82,059	84,738	87,504
AH University City						
Acute Care Days	32,574	33,633	34,726	35,854	37,020	38,223
Projected Shifts	-39	-79	-164	-1,292	-1,932	-2,637
Adjusted Acute Care Days	32,535	33,554	34,562	34,563	35,088	35,586
Carolinas Medical Center***						
Acute Care Days	341,918	348,315	354,842	361,505	368,307	375,250
Projected Shifts	-2,371	-4,824	-9,513	-13,891	-15,581	-17,422
Adjusted Acute Care Days	339,547	343,490	345,330	347,614	352,726	357,829
AH Lake Norman						
Acute Care Days	--	--	--	3,709	5,857	8,222

Source: Section Q, Form C Assumptions and Methodology

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
Atrium Health Pineville	82,059	84,738	87,504
Atrium Health University City	34,563	35,088	35,586
Carolinas Medical Center	347,614	352,726	357,829
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	467,945	478,409	489,141
Average Daily Census (ADC)	1,282	1,311	1,340
Total # of Beds	1,524	1,524	1,524
Occupancy %	84.1%	86.0%	87.9%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 87.9 percent. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients.

In Project ID #F-12149-21 (proposing to add 75 acute care beds to CMC), Atrium uses a growth rate to project growth of acute care days that is questionable. However, even with no growth in acute care days beginning in CY 2020 at both CMC and AH Mercy, the

applicant still reasonably projects that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent in the third operating year following completion of the proposed project. Please see the calculations prepared by the Project Analyst in the table below. Please also see the discussion about projected utilization found in Criterion (3) for Project ID #F-12149-21 for additional information.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
Atrium Health Pineville	82,059	84,738	87,504
Atrium Health University City	34,563	35,088	35,586
Carolinas Medical Center	314,533	314,533	314,533
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	434,864	440,216	445,845
Average Daily Census (ADC)	1,191	1,206	1,222
Total # of Beds	1,524	1,524	1,524
Occupancy %	78.1%	79.1%	80.2%

Source: Section Q, Form C Assumptions and Methodology

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

- The applicant relies on its historical utilization to project future utilization.
- The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.
- The applicant uses a lower growth rate than the historical growth rate to project utilization at AH University City and other Atrium hospitals.

Access to Medically Underserved Groups – In Section C, page 82, the applicant states:

“Atrium Health University City provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...”

“...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 83, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	68.9%
Women	58.1%
Persons aged 65 and older	18.2%
Medicare beneficiaries	24.5%
Medicaid recipients	17.5%

In Section C, page 83, the applicant states it does not keep data on low income persons and persons with disabilities, but they are not denied access to services.

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 its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial policies in Exhibit L.4-1.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

The following projects involving acute care beds at AH Pineville are approved and under development:

- F-11620-18: Add 38 acute care beds
- F-11813-19: Add 12 acute care beds
- F-12009-20: Add seven acute care beds
- F-12084-21: Relocate 26 acute care beds to develop AH Steele Creek, a satellite campus

Pursuant to a previously approved material compliance request, the 12 acute care beds approved in Project ID #F-11813-19 are licensed but are temporarily located in a transitional location; thus, while the beds are licensed, the project is not yet complete.

As of December 7, 2021, the 45 acute care beds that are part of Project ID #s F-11620-18 and F-12009-20 are licensed. The projects are not yet complete, as there are other reporting requirements pursuant to conditions on the certificates of need, but services are being offered.

AH Pineville proposes to locate the 36 acute care beds it requests in this application on Level 7 of a new patient tower being built on the AH Pineville campus (pursuant to an exemption approved by the Agency on August 23, 2018). The applicant states it has included all costs associated with development of the space in the patient tower – not just the cost to develop the 36 acute care beds – as part of the capital expenditure.

Patient Origin – On page 31, the 2021 SMFP defines the service area for acute care beds as “... the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH Pineville Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2020)		FY 1 (CY 2024)		FY 2 (CY 2025)		FY 3 (CY 2026)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	6,842	40.9%	7,714	40.8%	7,886	40.8%	7,958	40.7%
York (SC)	5,580	33.4%	5,086	26.9%	5,199	26.9%	5,240	26.8%
Lancaster (SC)	1,872	11.2%	3,195	16.9%	3,286	17.0%	3,344	17.1%
Union	943	5.6%	397	2.1%	387	2.0%	391	2.0%
Chester (SC)	330	2.0%	567	3.0%	580	3.0%	587	3.0%
Gaston	252	1.5%	435	2.3%	445	2.3%	450	2.3%
Other*	891	5.3%	1,513	8.0%	1,546	8.0%	1,584	8.1%
Total	16,709	100.0%	18,907	100.0%	19,328	100.0%	19,554	100.0%

Source: Section C, pages 35, 38

*Other includes other North Carolina counties and other states

In Section C, page 37, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant adequately explains the reasons it adjusted its historical patient origin as part of projecting future patient origin.

Analysis of Need – In Section C, pages 40-78, the applicant combined its discussion of need for additional acute care beds at AH Pineville with discussion of the AH System need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). In a competitive review, every application is first evaluated independently, as if there are no other applications in the review, to determine whether the application is conforming to all statutory and regulatory review criteria. Therefore, the discussion in this section focuses only on the need as it relates to AH Pineville in this specific application under review.

In Section C, Atrium discusses how acute care bed need determinations in Mecklenburg County have been generated entirely by Atrium facilities. However, on page 46 in Chapter 5 of the 2021 SMFP, it states:

“Any person can apply to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 49, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 65-78, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Inpatient days at AH Pineville grew at an annual rate of 6.2 percent between CY 2016 and CY 2019, and despite the impact of the COVID-19 pandemic on the CY 2016 to CY 2020 CAGR, the CY 2016 to CY 2021 annualized CAGR will be 5.8 percent, nearly the same as the pre-COVID-19 CAGR.
- AH Pineville is on track to operate at 95.3 percent of capacity in CY 2021. The applicant states AH Pineville has the highest occupancy rate of any Atrium hospital in Mecklenburg County.
- The applicant states it has relied on waivers to operate on temporary bed overflow status constantly since April 2018, including under Executive Order 130.
- The applicant states AH Pineville operated at a capacity of 82.7 percent during CY 2020. AH Pineville’s utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that in January 2021, AH Pineville operated above 90 percent occupancy, based on the midnight census, every single day.

- The applicant states capacity issues have led to patients waiting in the PACU after surgery and waiting in the ED for available hospital beds. The applicant states that 1,143 patients had to wait an average of two hours in the PACU for an available bed in CY 2020, and the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was six hours for 2020, with some patients waiting up to 24 hours.
- The area of Charlotte where AH Pineville is located has grown more rapidly than historical projections predicted. The applicant provides data from an application it submitted in 2007, showing that at the time, it projected the southern Charlotte area would grow at an annual rate of 2.4 percent between 2006 and 2016. The actual population of the southern Charlotte area in 2016, according to the applicant and ESRI, was almost 13,000 people more than the projections had predicted.
- According to ESRI, the population of the area served by Mecklenburg County facilities – the NC counties in HSA III along with three counties in South Carolina adjacent to the NC border – is projected to grow by an average of 8.4 percent between 2021 and 2026. The applicant further states that Mecklenburg County in NC and York County in SC are two of the fastest-aging counties in NC and SC, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents.

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

- The applicant uses verifiable historical data from AH Pineville to support its belief that it needs additional acute care bed capacity at AH Pineville.
- The applicant identifies circumstances at AH Pineville that support its belief that it needs additional acute care bed capacity at AH Pineville, such as its January 2021 occupancy rate, median or average wait time in the ED and in the PACU for available acute care beds for hospital admission, and growth of the southern Charlotte area.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

AH Pineville Acute Care Bed Historical/Projected Utilization				
	CY 2020	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
# of Beds	233	314	314	314
# of Discharges	16,709	19,681	20,387	21,184
# of Acute Care Days	70,344	82,059	84,738	87,504

Note: This table combines Form C for AH Pineville and AH Steele Creek, since they will be on the same hospital license.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant calculated three different CAGRs for acute care days at AH Pineville, based on historical utilization, and then projected growth in acute care days by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it projected to shift to Piedmont Fort Mill Medical Center in previous applications. The previous applications had projected utilization out to CY 2026, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated AH Pineville’s CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from AH Pineville to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from AH Pineville to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2026, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from AH Pineville to AH Union through CY 2026.
- The applicant projected a shift in acute care days from AH Pineville to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at AH Pineville through CY 2026.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at AH Pineville.

AH Pineville Total Acute Care Bed Projected Utilization						
	CY 2021*	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Total Baseline Acute Care Days (3.25%)	81,874	84,535	87,282	90,119	93,048	96,072
Shift to Piedmont Fort Mill Medical Center	--	--	-4,996	-5,137	-5,282	-5,431
Shift to AH Union	-806	-1,639	-2,224	-2,829	-2,879	-2,929
Shift to AH Lake Norman	--	--	--	-94	-148	-208
Projected Total Acute Care Days	81,068	82,896	80,062	82,059	84,738	87,504
ADC	222	227	219	225	232	240
Beds	233	278	314	314	314	314
Occupancy %	95.3%	81.7%	69.9%	71.6%	73.9%	76.4%

Source: Section Q, Form C Assumptions and Methodology

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

In Section Q, the applicant states that in Project ID #F-12084-21, proposing the development of AH Steele Creek, it projected all patients to be served at AH Steele Creek would shift from AH Pineville’s main campus. The applicant states that by CY 2026, the third full fiscal year following project completion, projected shifts in patients from AH Pineville’s main campus to AH Steele Creek will result in a utilization rate of 78.3 percent at AH Pineville’s main campus.

Atrium Health System

The AH System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute

care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium treats AH Mercy as a separate facility for purposes of projecting utilization.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant calculated three different CAGRs for acute care days at AH University City and AH Mercy, based on historical utilization, and then projected growth in acute care days for each of those hospitals by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs for AH University City and AH Mercy based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent.
- The applicant states that CMC’s ability to grow its utilization is hampered because it has the highest bed deficit in the state. The applicant further notes there will not be an opportunity to develop any significant number of additional acute care beds until the patient tower being constructed on CMC’s campus is complete in CY 2026. The applicant states that due to those factors, it used a 1.61 percent annual growth rate for acute care days at CMC, equivalent to the CY 2016-2021 CAGR. Of the three separate CAGRs CMC calculated based on historical utilization, 1.61 percent is neither the lowest nor the highest growth rate.
- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it projected to shift to Piedmont Fort Mill Medical Center in previous applications. The

previous applications had projected utilization out to CY 2026, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from each Atrium hospital to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2026, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from each Atrium hospital to AH Union through CY 2026.
- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2026.

The table below summarizes the applicant's assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2026.

Summary of Projected Shifts in Acute Care Days						
	CY 2021*	CY 2022	CY 2023	FY 1 – CY 2024	FY 2 – CY 2025	FY 3 – CY 2026
AH Pineville**						
Acute Care Days	81,874	84,535	87,282	90,119	93,048	96,072
Projected Shifts	-806	-1,639	-7,220	-8,060	-8,309	-8,568
Adjusted Acute Care Days	81,068	82,896	80,062	82,059	84,738	87,504
AH University City						
Acute Care Days	32,574	33,633	34,726	35,854	37,020	38,223
Projected Shifts	-39	-79	-164	-1,292	-1,932	-2,637
Adjusted Acute Care Days	32,535	33,554	34,562	34,563	35,088	35,586
Carolinas Medical Center***						
Acute Care Days	341,918	348,315	354,842	361,505	368,307	375,250
Projected Shifts	-2,371	-4,824	-9,513	-13,891	-15,581	-17,422
Adjusted Acute Care Days	339,547	343,490	345,330	347,614	352,726	357,829
AH Lake Norman						
Acute Care Days	--	--	--	3,709	5,857	8,222

Source: Section Q, Form C Assumptions and Methodology

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
Atrium Health Pineville	82,059	84,738	87,504
Atrium Health University City	34,563	35,088	35,586
Carolinas Medical Center	347,614	352,726	357,829
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	467,945	478,409	489,141
Average Daily Census (ADC)	1,282	1,311	1,340
Total # of Beds	1,524	1,524	1,524
Occupancy %	84.1%	86.0%	87.9%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 87.9 percent. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients.

In Project ID #F-12149-21 (proposing to add 75 acute care beds to CMC), Atrium uses a growth rate to project growth of acute care days that is questionable. However, even with no growth in acute care days beginning in CY 2020 at both CMC and AH Mercy, the

applicant still reasonably projects that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent. Please see the calculations prepared by the Project Analyst in the table below. Please also see the discussion about projected utilization found in Criterion (3) for Project ID #F-12149-21 for additional information.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2024)	FY 2 (CY 2025)	FY 3 (CY 2026)
Atrium Health Pineville	82,059	84,738	87,504
Atrium Health University City	34,563	35,088	35,586
Carolinas Medical Center	314,533	314,533	314,533
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	434,864	440,216	445,845
Average Daily Census (ADC)	1,191	1,206	1,222
Total # of Beds	1,524	1,524	1,524
Occupancy %	78.1%	79.1%	80.2%

Source: Section Q, Form C Assumptions and Methodology

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

- The applicant relied on historical utilization to project future utilization.
- The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.
- The applicant used a lower growth rate than the historical growth rate to project utilization at AH Pineville.

Access to Medically Underserved Groups – In Section C, page 85, the applicant states:

“Atrium Health Pineville provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment....”

...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 86, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Racial and ethnic minorities	47.3%
Women	56.4%
Persons aged 65 and older	30.2%
Medicare beneficiaries	34.5%
Medicaid recipients	11.3%

In Section C, page 86, the applicant states it does not keep data on low income persons and persons with disabilities.

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 its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial policies in Exhibit L.4-1.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

Patient Origin – On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

CMC Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2020)		FY 1 (CY 2028)		FY 2 (CY 2029)		FY 3 (CY 2030)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	21,466	52.9%	24,175	51.3%	24,970	51.3%	25,790	51.3%
York (SC)	2,648	6.5%	2,639	5.6%	2,726	5.6%	2,815	5.6%
Gaston	2,631	6.5%	3,487	7.4%	3,602	7.4%	3,720	7.4%
Union	2,206	5.4%	1,461	3.1%	1,558	3.2%	1,609	3.2%
Cleveland	1,498	3.7%	1,979	4.2%	2,044	4.2%	2,111	4.2%
Cabarrus	1,281	3.2%	1,696	3.6%	1,752	3.6%	1,810	3.6%
Lancaster (SC)	1,035	2.5%	1,367	2.9%	1,412	2.9%	1,458	2.9%
Lincoln	1,023	2.5%	1,367	2.9%	1,412	2.9%	1,458	2.9%
Iredell	717	1.8%	942	2.0%	973	2.0%	1,005	2.0%
Catawba	576	1.4%	754	1.6%	779	1.6%	804	1.6%
Burke	509	1.3%	660	1.4%	681	1.4%	704	1.4%
Stanly	507	1.2%	660	1.4%	681	1.4%	704	1.4%
Other*	4,497	11.1%	5,938	12.6%	6,084	12.5%	6,284	12.5%
Total	40,592	100.0%	47,125	100.0%	48,674	100.0%	50,273	100.0%

Source: Section C, pages 37, 40

*Other includes other North Carolina counties and other states

In Section C, page 39, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projected patient origin is based in part on its historical patient origin.
- The applicant adequately explains the reasons it adjusted its historical patient origin as part of projecting future patient origin.

Analysis of Need – In Section C, pages 42-78, the applicant combined its discussion of need for additional acute care beds at CMC with discussion of the AH System need for acute care beds and comparisons which are not part of the analysis of whether the application is conforming with Criterion (3). In a competitive review, every application is first evaluated independently, as if there are no other applications in the review, to determine whether the application is conforming to all statutory and regulatory review criteria. Therefore, the discussion in this section focuses only on the need as it relates to CMC in this specific application under review.

In Section C, Atrium discusses how acute care bed need determinations in Mecklenburg County have been generated entirely by Atrium facilities. However, on page 46 in Chapter 5 of the 2021 SMFP, it states:

“Any person can apply to meet the need, not just the health service facility or facilities that generated the need.”

Atrium has the burden of demonstrating the need for the proposed acute care beds in its applications as submitted. In Section C, page 51, the applicant states:

“[Atrium] acknowledges that a provider that generates the need for additional capacity is not entitled to that need; it must submit an approvable application and demonstrate that it has the most effective alternative for the entire allocation.”

In Section C, pages 67-78, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- CMC is the sole provider of quaternary care in Mecklenburg County and the surrounding area.
- The applicant states capacity issues have led to patients waiting in the PACU after surgery and even having to wait in an operating room because of lack of availability of space in the PACU. The applicant states that patients had to wait an average of 78 minutes in the PACU for an available bed in CY 2020. In CY 2019, over one thousand patients had to wait an average of 41 minutes in the operating room for available space in the PACU. The applicant states patients start recovering from anesthesia during that time and it is not standard practice to have patients begin recovery in an operating room.
- The applicant states capacity issues have led to patients waiting in the ED for available hospital beds. The applicant states the median wait time for an acute care bed for patients seen in the ED who required admission to the hospital was six hours for 2020, with some patients waiting up to 24 hours.
- According to ESRI, the population of the area served by Mecklenburg County facilities – the NC counties in HSA III along with three counties in South Carolina adjacent to the NC border – is projected to grow by an average of 8.4 percent between 2021 and 2026. The applicant further states that Mecklenburg County in NC and York County in SC are two of the fastest-aging counties in NC and SC, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents.

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

- The applicant identifies circumstances at CMC that support its belief that it needs additional acute care bed capacity at CMC, such as the impact of lack of space on surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization – On Forms C.1a and C.1b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

CMC Acute Care Bed Historical/Projected Utilization				
	CY 2020	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
# of Beds	1,055	1,217	1,217	1,217
# of Discharges	51,148	62,733	64,508	66,337
# of Acute Care Days	314,533	379,351	390,606	402,207

Note: This table combines Form C for CMC and AH Mercy, since they are on the same hospital license.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant projects different growth rates for utilization at the AH Mercy satellite campus and the CMC main campus.
- The applicant states that CMC’s ability to grow its utilization is hampered because it has high occupancy levels. The applicant further notes there will not be an opportunity to develop any significant number of additional acute care beds until the patient tower being constructed on CMC’s campus is complete in CY 2026. The applicant states that due to those factors, it used a 1.61 percent annual growth rate for acute care days at CMC, equivalent to the CY 2016-2021 CAGR. Of the three separate CAGRs CMC calculated based on historical utilization, 1.61 percent is neither the lowest nor the highest growth rate. The applicant states that after it is able to open additional beds in the patient bed tower, beginning in CY 2027, it projects acute care days will grow at an annual rate of 3.25 percent, equivalent to the CGRM for Mecklenburg County as published in the 2021 SMFP.
- The applicant calculated three different CAGRs for acute care days at AH Mercy, based on historical utilization, and then projected growth in acute care days by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent. The applicant states that by the time new acute care beds open at CMC in the patient tower, the increase in utilization at AH Mercy between 2021 and 2026 will result in limited capacity for additional growth, so it projects AH Mercy’s acute care days will grow at an annual rate of 1.61 percent between CY 2027 – 2030.

- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it projected to shift to Piedmont Fort Mill Medical Center in previous applications. The previous applications had projected utilization out to CY 2026 and the applicant states it applied the same 2.8 percent annual growth rate through CY 2030, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated CMC's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from CMC to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from CMC to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2030, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from CMC to AH Union through CY 2030.
- The applicant projected a shift in acute care days from CMC to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift to different facilities to obtain projected acute care bed utilization at CMC through CY 2030.

The table below summarizes the assumptions and methodology used to project acute care bed utilization at CMC (including the AH Mercy campus).

CMC Total Acute Care Bed Projected Utilization										
	Current	Interim						FY 1	FY 2	FY 3
	CY 2021*	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total Baseline Acute Care Days	341,918	348,315	354,842	361,505	368,307	375,250	386,384	397,862	409,696	421,897
Shift to Piedmont Fort Mill Med Ctr	--	--	-2,968	-3,049	-3,135	-3,222	-3,311	-3,403	-3,498	-3,596
Shift to AH Union	-2,371	-4,824	-6,545	-8,325	-8,471	-8,619	-8,770	-8,923	-9,080	-9,239
Shift to AH Lake Norman	--	--	--	-2,517	-3,975	-5,581	-5,875	-6,185	-6,512	-6,856
Projected Total Acute Care Days	339,547	343,490	345,330	347,614	352,726	357,829	368,428	379,351	390,606	402,207
ADC	930	941	946	952	966	980	1,009	1,039	1,070	1,102
Beds	1,055	1,064	1,064	1,064	1,064	1,064	1,217	1,217	1,217	1,217
Occupancy %	88.2%	88.4%	88.9%	89.5%	90.8%	92.1%	82.9%	85.4%	87.9%	90.6%

Source: Section Q, Form C Assumptions and Methodology; calculations done by Project Analyst to combine CMC and AH Mercy totals

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

Atrium Health System

The AH System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), AH University City, and the approved AH Lake Norman. Pursuant to 10A NCAC 14C .3803(a), an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients in the third operating year following completion of the proposed project.

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant projects acute care bed utilization for the entire health system as summarized below.

Since 2013, Atrium applications involving acute care bed utilization projections have included assumptions and methodology projecting shifts in acute care days between hospitals in both Mecklenburg County and surrounding counties. The applicant states it will project shifts in acute care days between hospitals in Mecklenburg County and in surrounding counties consistent with previously approved applications.

- The applicant used CY 2021 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2021 – July 2021 actual utilization and used historical seasonal utilization from CY 2019. The applicant states using CY 2020 as a basis for annualization would not be reasonable because of the impact of COVID-19.
- The applicant calculated three different CAGRs for acute care days at AH Pineville and AH University City, based on historical utilization, and then projected growth in acute care days for each Atrium hospital by using a 3.25 percent annual growth rate, the same growth rate as the CGRM for Mecklenburg County published in the 2021 SMFP. The CAGRs for AH Pineville and AH University City based on historical utilization are all higher than the applicant’s projected growth rate of 3.25 percent.

- The applicant projected a shift of acute care days to Piedmont Fort Mill Medical Center, a hospital under development in South Carolina, consistent with its projections in previous acute care bed applications. The applicant states that, since previous applications assumed Atrium would be developing the hospital in South Carolina instead of a different entity, it adjusted the previous projections accordingly. The applicant first applied an annual growth rate of 2.8 percent to the acute care days it projected to shift to Piedmont Fort Mill Medical Center in previous applications. The previous applications had projected utilization out to CY 2026 and the applicant states it applied the same 2.8 percent annual growth rate through CY 2030, the third full fiscal year following project completion. The applicant states patients admitted to Piedmont Fort Mill Medical Center through the ED may be more likely to continue their care at Piedmont Fort Mill Medical Center and calculated each Atrium hospital's CY 2019 ratio of ED admissions to total acute care admissions. The applicant states it used CY 2019 due to the impact of COVID-19 on CY 2020 utilization.

The applicant then applied the ratio to the total number of acute care days it previously projected to shift from each Atrium hospital to Piedmont Fort Mill Medical Center. The applicant states it assumes the shift will begin in CY 2023 based on the recent announcement that Piedmont Fort Mill Medical Center will open in late 2022. The applicant states this approach is consistent with previously approved applications (Project ID #s F-12006-20, F-12009-20, F-12010-20, and F-12084-21).

- The applicant projected a shift of acute care days to AH Union, and states it used the assumptions and methodology used in previously approved applications (Project ID #s F-11618-18 and F-11622-18) to determine the number of acute care days projected to shift from each Atrium hospital to AH Union. The applicant states that, when previous applications did not project shifts through the end of CY 2030, it used a 1.75 percent growth rate, consistent with Project ID #F-11618-18, to project growth in the number of acute care days projected to shift from each Atrium hospital to AH Union through CY 2030.
- The applicant projected a shift in acute care days from each Atrium hospital to AH Lake Norman, consistent with its previously approved application to develop AH Lake Norman (Project ID #F-12010-20). The applicant states it assumes the shifts will begin in CY 2024, when the hospital is projected to open.
- The applicant subtracted the number of acute care days projected to shift from each of the Atrium hospitals in Mecklenburg County to obtain the projected acute care days at each facility through CY 2030.

The table below summarizes the applicant's assumptions and methodology used to project shifts in acute care days from each Atrium hospital in Mecklenburg County and projected acute care days at each hospital through CY 2030.

Summary of Projected Shifts in Acute Care Days										
	Current	Interim						FY 1	FY 2	FY 3
	CY 2021*	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Pineville**										
Acute Care Days	81,874	84,535	87,282	90,119	93,048	96,072	99,194	102,418	105,746	109,183
Projected Shifts	-806	-1,639	-7,220	-8,060	-8,309	-8,568	-8,783	-9,005	-9,232	-9,465
Adjusted Acute Care Days	81,068	82,896	80,062	82,059	84,738	87,504	90,411	93,413	96,514	99,718
AH University City										
Acute Care Days	32,574	33,633	34,726	35,854	37,020	38,223	39,465	40,748	42,072	43,439
Projected Shifts	-39	-79	-164	-1,292	-1,932	-2,637	-2,768	-2,909	-3,055	-3,210
Adjusted Acute Care Days	32,535	33,554	34,562	34,563	35,088	35,586	36,697	37,839	39,017	40,229
Carolinas Medical Center***										
Acute Care Days	341,918	348,315	354,842	361,505	368,307	375,250	386,384	397,862	409,696	421,897
Projected Shifts	-2,371	-4,824	-9,513	-13,891	-15,581	-17,422	-17,956	-18,511	-19,090	-19,691
Adjusted Acute Care Days	339,547	343,490	345,330	347,614	352,726	357,829	368,428	379,351	390,606	402,207
AH Lake Norman										
Acute Care Days	--	--	--	3,709	5,857	8,222	8,656	9,114	9,595	10,102

Source: Section Q, Form C Assumptions and Methodology

*CY 2021 annualized utilization – based on January 2021 – July 2021 actual utilization and CY 2019 historical seasonal utilization.

**Includes the approved AH Steele Creek campus

***Includes the AH Mercy campus

Atrium Health System Summary – The following table illustrates projected utilization for all acute care beds at all Atrium hospitals in Mecklenburg County.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
Atrium Health Pineville	93,413	96,514	99,718
Atrium Health University City	37,839	39,017	40,229
Carolinas Medical Center	379,351	390,606	402,207
Atrium Health Lake Norman	9,114	9,595	10,102
Projected Total Acute Care Bed Days	519,717	535,732	552,256
Average Daily Census (ADC)	1,424	1,468	1,513
Total # of Beds	1,677	1,677	1,677
Occupancy %	84.9%	87.5%	90.2%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 90.2 percent. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients.

However, historical utilization at CMC, utilization patterns related to COVID-19, and statements made by Atrium in its application make Atrium's choice of projected growth rate at CMC between CY 2021 and CY 2027 questionable.

Atrium suggests that if it currently had all the acute care beds it requested in this application, it would alleviate high occupancy rates. On page 70, Atrium states:

“Said another way, CMC needs the proposed 75 additional beds today in order to operate at more reasonable occupancy rates, particularly in light of its high occupancy rates through CY 2020 and its expected occupancy rate of 90.0 [sic] in CY 2021 as shown in Form C Assumptions and Methodology.”

However, in Section C, page 54, Atrium states:

*“[Atrium] has considered all options for developing additional licensed bed capacity in the existing CMC facility. However, **the existing facility does not have a sufficient number of available spaces that meet current Facility Guidelines Institute (FGI) guidelines** meaning that conversion of these spaces to house a large number of acute care beds would require upfit that would be costly and disruptive to current operations. Given the development of the new patient tower on CMC's existing campus ... and **the lack of available space in the existing facility**, CMC will continue to rely on temporary solutions for its capacity constraints until additional permanent beds come online when the new patient tower is complete.”* (emphasis added)

In Section E, page 97, Atrium states:

*“...conversion of existing observation beds and/or spaces used to accommodate its temporary bed overflow requests to acute care beds is not a practical alternative as **there are not a sufficient number of these spaces that meet current Facility Guidelines Institute (FGI) guidelines**. As such, conversion of these spaces to house a large number of acute care beds as proposed in this application would require upfit necessary to bring these spaces up to current FGI guidelines. Not only would such upfit be disruptive to current operations, but also would require increasing the footprint of some of these bed spaces, which in turn would result in CMC losing some spaces which have historically been used to accommodate observation and temporary bed overflow spaces ...”* (emphasis added)

In Section Q, Atrium states:

*“Growth at CMC has been severely restricted due to occupancy levels in excess of 90 percent for three out of the last five years **with no ability to develop any significant number of additional acute care beds for several more years**. Until CMC has significant additional acute care bed capacity, its growth will continue to be constrained.”* (emphasis added)

CMC does not have the ability to develop any significant number of acute care beds for several more years because it does not have the physical space to do so. The bed tower under construction on the campus of CMC is not projected to be operational and serving patients until sometime during CY 2027. Utilization at CMC will continue to be high, and growth will continue to be constrained until the bed tower is developed and operational.

Historical data provided by Atrium calls into question the projected growth rate at CMC between CY 2021 and CY 2027. Between FFY 2015 and FFY 2018, License Renewal Applications (LRAs) submitted to the Agency by Atrium show acute care days grew at an average rate of 0.73 percent. There were no licensed acute care beds added to CMC's license between FFY 2015 and FFY 2018. However, historical data provided by Atrium supports the use of a higher projected growth rate at CMC after the patient bed tower is operational and serving patients. CMC was awarded 45 acute care beds pursuant to a need determination in the 2017 SMFP (Project ID #F-11362-17). Those beds became licensed and operational during FFY 2019. Acute care days at CMC grew by 3.57 percent between FFY 2018 and FFY 2019. Please see the Working Papers for calculations.

Further, Atrium's use of CY 2021 annualized acute care days to calculate the historical CAGR is also questionable. Acute care days at most hospitals declined during March – May of 2020 and later increases in hospital cases due to spikes in COVID-19 cases did not make up for the decline in acute care days between March – May 2020. The decline in acute care days statewide was significant enough that the SHCC adopted an alternative methodology for the 2022 SMFP to adjust for the outlier effects of the COVID-19 pandemic on acute care days. The COVID-19 pandemic is not over, though, and the instability is continuing into CY 2022, with an unprecedented spike in cases and hospitalizations due to the omicron variant. On January 21, 2022, NC DHHS put out a press release describing its collaboration with Atrium Health in seeking assistance from the federal government. The press release reports that despite attempts by Atrium to stretch capacity by limiting nonessential services and redeploying staffing, among other strategies, the system was still operating at above 95 percent of capacity due to the number of COVID-19 patients.

It is too soon to know whether or not hospital utilization at such high levels will continue to be normal or whether utilization will decline and fall more into line with utilization trends prior to COVID-19. However, because of the significant instability in hospital utilization, Atrium's use of a CAGR that relies on CY 2021 annualized acute care days to project utilization at CMC is also questionable. Atrium calculates a CAGR including CY 2021 annualized acute care days for each of its existing hospitals (and campuses); however, for every other hospital and campus, it ultimately projected utilization using an annual growth rate that was lower than the CAGR calculated using CY 2021 annualized acute care days. In fact, Atrium ultimately projected utilization at its other hospitals and campuses using an annual growth rate lower than the CAGR calculated using CY 2020 acute care days, when there were declines in acute care days from CY 2019.

Atrium is not required to use a particular growth rate in projecting utilization. It does not need to use a growth rate lower than a historical growth rate, and it is free to rely on

annualized utilization data. However, based on Atrium’s own statements and its own historical growth rates, Atrium’s use of a 1.61 percent annual growth rate for acute care days at CMC between CY 2021 annualized and CY 2027 is questionable.

To determine whether the questionable projected growth rate used by Atrium for CMC acute care days between CY 2021 annualized and CY 2027 would impact Atrium’s ability to meet the required performance standard for acute care beds, the Project Analyst recalculated utilization projections for the Atrium system in Mecklenburg County for the first three full fiscal years following project completion. To be extremely conservative, the Project Analyst projected no growth in acute care days for either CMC or AH Mercy and began with CY 2020 acute care days.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
Atrium Health Pineville	93,413	96,514	99,718
Atrium Health University City	37,839	39,017	40,229
Carolinas Medical Center	314,533	314,533	314,533
Atrium Health Lake Norman	9,114	9,595	10,102
Projected Total Acute Care Bed Days	454,899	459,659	464,582
Average Daily Census (ADC)	1,246	1,259	1,273
Total # of Beds	1,677	1,677	1,677
Occupancy %	74.3%	75.1%	75.9%

Source: Section Q, Form C Assumptions and Methodology

As shown in the table above, the Project Analyst’s recalculated utilization projections show projected utilization for the Atrium system will be 75.9 percent during CY 2030, the third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 75.2 percent when the projected ADC is greater than 200 patients. The recalculated utilization projections assumed the following potentially detrimental factors:

- The starting point of the calculations is CY 2020, when acute care days were impacted due to the COVID-19 pandemic. For many hospitals in North Carolina, acute care days declined during CY 2020 due to the impact of the COVID-19 pandemic; the trend was so consistent that the SHCC adopted an alternative methodology for acute care beds in the 2022 SMFP to adjust for these declines in utilization.
- The calculations project no growth at all in the acute care days between CY 2020 and CY 2030.
- The calculations project no growth for both CMC and AH Mercy, despite the AH Mercy campus having more growth in acute care days than CMC.

The Project Analyst kept all other assumptions the same as those made by Atrium in Section Q of the application, including projected growth rates for other hospitals and shifts of patients from other hospitals.

Despite the recalculated utilization projections having assumptions that are potentially detrimental to Atrium, the recalculated utilization projections still meet the required performance standard promulgated in 10A NCAC 14C .3803(a).

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

- The applicant relied on its historical utilization to project future utilization.
- The applicant relied on assumptions consistent with previously approved projects to project future utilization.
- At most facilities, the applicant used a lower projected growth rate than multiple historical growth rates.
- While use of Atrium’s chosen annual growth rate for CMC is questionable, based on Atrium’s own statements and available historical data, CMC’s current utilization is high enough to reasonably project the applicant would meet the required performance standard, even when using assumptions potentially detrimental to the applicant.

Access to Medically Underserved Groups – In Section C, page 85, the applicant states:

“CMC provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...”

...Patients lacking coverage receive financial counseling to determine eligibility for financial assistance. Patients who do not qualify for financial assistance will be offered an installment payment plan. Patients will receive the appropriate medical screening examination and any necessary stabilizing treatment for emergency medical conditions, regardless of ability to pay.”

In Section C, page 86, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	59.8%
Women	59.4%
Persons aged 65 and older	22.6%
Medicare beneficiaries	29.5%
Medicaid recipients	18.7%

In Section C, page 86, the applicant states it does not keep data on low income persons and persons with disabilities.

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 its Patient Non-Discrimination Policy in Exhibit B.20-4, which states it does not exclude or otherwise discriminate against medically underserved groups.
- The applicant provides copies of its financial policies in Exhibit L.4-1.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 – All Applications

None of the applicants propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

C – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

In Section E, page 62, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states the projected growth in acute care days requires additional beds to provide access; therefore, not applying for the 22 beds was not an effective alternative.
- Develop a Different Number of Acute Care Beds: the applicant states the proposed number of beds is based on the physical capacity of the facility, projected patient demand, a balance between licensed beds and observation beds, and the number of beds approved by the SMFP. The applicant states the existing facility can accommodate 22 additional acute care beds at this time; therefore, applying for a different number of beds was not an effective alternative.
- Construct New Space at NH Presbyterian to Accommodate Additional Beds: the applicant states existing buildings on the NH Presbyterian campus could be replaced to add acute care bed capacity, but the time and costs involved are far greater than the time and costs to develop beds in existing space that is up to code. The applicant further states adding beds in the existing facility allows it to replace other buildings on campus based on community growth, while retaining flexibility and minimizing costs. Therefore, constructing new space to accommodate more beds was not an effective alternative.

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 applicant provides credible 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 stated above.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

In Section E, pages 94-95, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in potential delays in treatment for patients, long wait times in the ED for admission, and would provide limited options to accommodate future growth; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at CMC and at AH Pineville; therefore, this was not an effective alternative.

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 applicant provides credible 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section E, pages 97-98, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients and would provide limited options to accommodate future growth; therefore, this was not an effective alternative.
- Develop the Beds in Existing Space at AH Pineville: the applicant states there is a lack of updated existing space at AH Pineville, and there is already a patient tower under development that has the physical space to accommodate the proposed number of beds; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at other Atrium hospitals; therefore, this was not an effective alternative.

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 applicant provides credible 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

In Section E, pages 96-97, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients, would provide limited options to accommodate future growth, and is not a realistic option for the only quaternary care facility in the region; therefore, this was not an effective alternative.
- Develop the New Beds in Existing Space at CMC: the applicant states there are not enough existing spaces that could easily be converted to acute care bed space without extensive renovations and loss of other space in the process. The applicant further states renovations to upfit existing space for some of the acute care beds would be disruptive to current operations and is not practical, given the development of the patient tower; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at AH University City and AH Pineville; therefore, this was not an effective alternative.

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 applicant provides credible 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information which was publicly available during the review and used by the Agency

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

- (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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

Capital and Working Capital Costs – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Construction/Renovation Contract(s)	\$11,000
Furniture	\$102,063
Consultant Fees	\$150,000
Contingency	\$26,306
Total	\$289,369

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides information on what costs are included in the calculation of each line item in the projected capital cost.
- The applicant explains why certain costs are not included in Form F.1a and the explanation is consistent with other statements made by the applicant elsewhere in its application.

In Section F, page 65, the applicant states there will be no working capital costs because NH Presbyterian is an existing and operational facility that currently offers the services proposed in this application. This information is reasonable and adequately supported because NH Presbyterian is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, pages 63-64, the applicant states the entire projected capital expenditure of \$289,369 will be funded by Novant’s accumulated reserves.

In Exhibit F-2.1, the applicant provides a letter dated October 13, 2021, from the Senior Vice President of Operational Finance & Revenue Cycle for Novant, stating that Novant has sufficient accumulated reserves to fund all projected capital costs and committing to providing that funding to develop the proposed project.

Exhibit F-2.2 contains a copy of the audited Consolidated Financial Statements and Supplemental Information for Novant Health, Inc. and Affiliates for the years ending

December 31, 2020, and 2019. According to the audited Annual Financial Report, as of December 31, 2020, Novant had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Novant official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

NH Presbyterian Revenues and Operating Expenses – Acute Care Services			
	1st Full FY CY 2024	2nd Full FY CY 2025	3rd Full FY CY 2026
Number of Discharges	31,365	32,129	32,808
Total Gross Revenues (Charges)	\$2,102,140,481	\$2,217,946,104	\$2,332,762,954
Total Net Revenue	\$584,618,869	\$616,825,161	\$648,756,470
Total Net Revenue per Discharge	\$18,639	\$19,198	\$19,774
Total Operating Expenses (Costs)	\$583,964,706	\$613,593,942	\$643,262,002
Total Operating Expense per Discharge	\$18,618	\$19,098	\$19,607
Net Income/(Losses)	\$654,162	\$3,231,219	\$5,494,468

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2b and F.3b 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 clearly details the sources of information it uses to make its projections.
- The applicant provides a reasonable explanation of the historical information it used and why it was used to make projections.
- 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
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

Capital and Working Capital Costs – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Construction Costs	\$2,497,502
Architect/Engineering Fees	\$253,665
Medical Equipment	\$639,063
Non-Medical Equipment/Furniture	\$208,233
Consultant Fees	\$150,000
Financing Costs/Interest During Construction	\$104,701
Other (Info Systems and contingency)	\$1,163,337
Total	\$5,016,500

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.

- The applicant states much of the projections are based on Atrium's history or the project architect's history in developing similar projects.

In Section F, page 98, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH University City is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 96, the applicant states the entire projected capital expenditure of \$5,016,500 will be funded with Atrium's accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 15, 2021, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium's Basic Financial Statements and Other Financial Information for the year ending December 31, 2020. According to the Basic Financial Statements, as of December 31, 2020, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – AH University City Acute Care Beds			
	1st Full FY CY 2024	2nd Full FY CY 2026	3rd Full FY CY 2026
Total Discharges	8,038	8,161	8,277
Total Gross Revenues (Charges)	\$156,403,612	\$163,544,261	\$170,841,795
Total Net Revenue	\$32,713,336	\$34,206,872	\$35,733,223
Total Net Revenue per Discharge	\$4,070	\$4,192	\$4,317
Total Operating Expenses (Costs)	\$32,801,303	\$34,207,024	\$35,644,736
Total Operating Expenses per Discharge	\$4,081	\$4,192	\$4,306
Net Income/(Losses)	(\$87,967)	(\$151)	\$88,487

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2b and F.3b 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 clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- 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
- Written comments
- Responses to comments

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 cost is 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.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

Capital and Working Capital Costs – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Construction Costs	\$22,724,000
Architect/Engineering Fees	\$859,000
Medical Equipment	\$2,100,000
Non-Medical Equipment/Furniture	\$688,000
Consultant Fees	\$200,000
Financing Costs/Interest During Construction	\$812,000
Other (Info Systems and contingency)	\$5,192,000
Total	\$32,575,000

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s history or the project architect’s history in developing similar projects.

In Section F, page 101, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH Pineville is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 99, the applicant states the entire projected capital expenditure of \$32,575,000 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 15, 2021, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2020. According to the Basic Financial Statements, as of December 31, 2020, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – AH Pineville Acute Care Beds			
	1st Full FY CY 2024	2nd Full FY CY 2025	3rd Full FY CY 2026
Total Discharges	18,907	19,328	19,554
Total Gross Revenues (Charges)	\$322,230,855	\$339,292,109	\$353,549,029
Total Net Revenue	\$71,770,171	\$75,570,208	\$78,745,638
Total Net Revenue per Discharge	\$3,796	\$3,910	\$4,027
Total Operating Expenses (Costs)	\$67,071,075	\$69,215,465	\$71,325,860
Total Operating Expenses per Discharge	\$3,547	\$3,581	\$3,468
Net Income/(Losses)	\$4,699,096	\$6,354,744	\$7,419,778

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 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 clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- 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
- Written comments
- Responses to comments

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 cost is 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.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

Capital and Working Capital Costs – On Form F.1a in Section Q, the applicant projects the total capital cost of the project as shown in the table below.

Construction Costs	\$64,747,258
Architect/Engineering Fees	\$12,076,483
Medical Equipment	\$14,265,686
Non-Medical Equipment/Furniture	\$1,729,698
Consultant Fees	\$200,000
Financing Costs/Interest During Construction	\$10,820,075
Other (Info Systems, Internal allocation, contingency)	\$16,634,907
Total	\$120,474,107

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 following:

- In Section Q immediately following Form F.1a, the applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.
- The applicant states much of the projections are based on Atrium’s history or the project architect’s history in developing similar projects.

In Section F, page 101, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because CMC is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 99, the applicant states the entire projected capital expenditure of \$120,474,107 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 15, 2021, from the Executive Vice President and Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2020. According to the Basic Financial Statements, as of December 31, 2020, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate Atrium official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

Revenues and Operating Expenses – CMC Acute Care Beds			
	1st Full FY CY 2028	2nd Full FY CY 2029	3rd Full FY CY 2030
Total Discharges	47,125	48,674	50,273
Total Gross Revenues (Charges)	\$1,699,330,227	\$1,807,842,607	\$1,923,247,418
Total Net Revenue	\$451,619,046	\$480,457,618	\$511,127,943
Total Net Revenue per Discharge	\$9,583	\$9,871	\$10,167
Total Operating Expenses (Costs)	\$356,904,255	\$378,624,774	\$401,715,791
Total Operating Expenses per Discharge	\$7,574	\$7,779	\$7,991
Net Income/(Losses)	\$94,714,791	\$101,832,845	\$109,412,153

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 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 clearly details the sources of data used to project revenues and expenses.

- The applicant based its projections on its own historical experience.
- Atrium’s projected utilization is questionable. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. However, Atrium Health is a large health system with significant assets. Exhibit F.2-2 contains a copy of Atrium’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2020. According to the Basic Financial Statements, as of December 31, 2020, Atrium had adequate cash and assets to not only fund the capital needs of the proposed project, but to also cover any potential financial shortfall that could arise if utilization is lower than the applicant projects.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 cost is 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 – All Applications

The 2021 SMFP includes a need determination for 123 acute care beds in the Mecklenburg County service area.

On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single and multicounty groupings shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed planning area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,480 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville	233 (+45)
AH University City	104
CMC-Main*	1,055 (+87)
Atrium Total	1,392 (+162)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-22)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+78)
Mecklenburg County Total	2,240 (+240)

Source: Table 5A, 2021 SMFP; applications under review; 2021 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the AH Mercy campus licensed as part of CMC.

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

In Section G, page 72, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds in Mecklenburg County. On page 72, the applicant states:

“The 2021 SMFP shows a need for 123 acute care beds in Mecklenburg County. As the proposed project requests fewer beds than the 2021 SMFP shows are needed, there is no unnecessary duplication in the service area. The acute care beds requested in this application are only part of the needed assets and cannot be an unnecessary duplication. ... by CY 2026, the third full project year, NH acute care facilities in Mecklenburg County will have a collective need for more than the requested 22 acute care beds.

The requested acute care beds will meet the need for acute care services driven by the growth at NH Presbyterian. The proposed acute care beds will allow NH Presbyterian to serve its growing patient population without duplicating services.”

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:

- There is a need determination in the 2021 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

In Section G, page 106, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 106, the applicant states:

“The 2021 SMFP includes a need determination for 123 additional acute care beds in Mecklenburg County. In particular, Table 5A identifies the total system-wide need for [Atrium] as 250 acute care beds. ..., and patient need is expected to increase.”

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:

- There is a need determination in the 2021 SMFP for the proposed acute care beds.

- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section G, page 110, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 110, the applicant states:

“The 2021 SMFP includes a need determination for 123 additional acute care beds in Mecklenburg County. In particular, Table 5A identifies the total system-wide need for [Atrium] as 250 acute care beds. ..., and patient need is projected to increase. As the only tertiary hospital in Mecklenburg County located outside of the center city area, no other provider can meet the needs of Atrium Health Pineville’s patients.

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:

- There is a need determination in the 2021 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.

- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

In Section G, page 110, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 110, the applicant states:

“The 2021 SMFP includes a need determination for 123 additional acute care beds in Mecklenburg County. In particular, Table 5A identifies the total system-wide need for [Atrium] as 250 acute care beds. ..., and patient need is projected to increase. As the only hospital in the region that provides quaternary level care, no other provider can meet the needs of CMC’s patients.”

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:

- There is a need determination in the 2021 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

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

NH Presbyterian Current & Projected Staffing				
Position	Current	Projected		
	12/31/2020	FY 1 CY 2024	FY 2 CY 2025	FY 3 CY 2026
Nurse Practitioners	21.8	21.8	21.8	21.8
Registered Nurses	833.6	929.2	951.8	971.9
Licensed Practical Nurses	1.1	1.1	1.1	1.1
Certified Nurse Aides/ Nursing Assistants	219.2	239.8	239.8	239.8
Director of Nursing	3.0	3.0	3.0	3.0
Clerical	62.3	72.0	72.0	72.0
Total Staffing	1,141.0	1,266.9	1,289.5	1,309.6

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 73-75, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. The applicant provides supporting documentation in Exhibits H-2.1, H-2.2, H-2.3, H-2.4, H-2.5, and H-3.

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

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and provides documentation about the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

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

AH University City Acute Care Beds Current & Projected Staffing				
Position	Current	Projected – FYs 1-3		
	12/31/2020	CY 2024	CY 2025	CY 2026
Registered Nurses	146	175	178	181
Certified Nurse Aides/Nursing Assistants	7	8	8	8
Supervisory	4	5	5	5
Clerical	4	4	4	4
Technicians	40	49	49	50
Temporary Help	6	6	6	6
Total Staffing	206	246	250	254

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health

manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 108-109, 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 adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant's projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

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

AH Pineville Acute Care Beds Current & Projected Staffing				
Position	Current	Projected – FYs 1-3		
	12/31/2020	CY 2024	CY 2025	CY 2026
Registered Nurses	329	388	388	388
Certified Nurse Aides/Nursing Assistants	5	6	6	6
Supervisory	7	8	8	8
Clerical	9	9	9	9
Technicians	96	113	113	113
Temporary Help	6	6	6	6
Total Staffing	452	530	530	530

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 112-113, 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 adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

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

CMC Acute Care Beds Current & Projected Staffing				
Position	Current	Projected – FYs 1-3		
	12/31/2020	CY 2028	CY 2029	CY 2030
Registered Nurses	1,641	1,905	1,968	2,032
Certified Nurse Aides/Nursing Assistants	15	17	18	19
Administrator/CEO	2	2	2	2
Supervisory	37	43	44	46
Business Office	18	21	22	22
Clerical	38	38	38	38
Technicians	334	388	400	414
Temporary Help	31	36	37	38
Total Staffing	2,116	2,450	2,529	2,611

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 112-113, 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 adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.
- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 76, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 76-77, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibits I-1 and I-2. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant states that the ancillary and support services are already available to all patients receiving acute care services at NH Presbyterian.
- In Exhibit I-1, the applicant provides a letter from NH Presbyterian’s Chief Operating Officer, who states the necessary ancillary and support services will be available.
- In Exhibit I-2, the applicant provides a list of entities which have agreements with Novant to provide ancillary and support services.

Coordination – In Section I, pages 77-78, the applicant describes Novant’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1-2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County.
- In Exhibit I-2, the applicant provides documentation of the numerous existing relationships between Novant and other local health care and social service providers.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

Ancillary and Support Services – In Section I, page 110, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 110-111, the applicant explains how each ancillary and support service is 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 currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from the Vice President and Facility Executive of AH University City, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 111, the applicant describes AH University City's existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County that is currently offering the same services it proposes to develop.

- The applicant provides letters of support from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 114, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 114-115, the applicant explains how each ancillary and support service is 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 currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from an Atrium executive, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 115, the applicant describes AH Pineville’s 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 the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County that is currently offering the same services it proposes to develop.
- The applicant provides letters of support from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 114, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 114-115, the applicant explains how each ancillary and support service is 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 currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at CMC, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 115, the applicant describes CMC's 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 the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County that is currently offering the same services it proposes to develop.
- The applicant provides letters of support from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

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 – All Applications

None of the applicants 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, none of the applicants 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 – All Applications

None of the applicants are HMOs. 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 – NH Presbyterian
C – All Other Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant does not propose to construct any new space or make more than minor renovations to existing space. Therefore, Criterion (12) is not applicable to this review.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

In Section K, page 114, the applicant states that the project involves renovating 5,500 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

In Section K, page 115, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed acute care beds will be developed in existing space rather than in new construction.
- The applicant states that these 12 acute care beds are needed for AH University City to have more reasonable occupancy rates.

On page 115, 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 states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 30-31, 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

- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section K, page 118, the applicant states that the project involves renovating 30,053 square feet of existing space. Line drawings are provided in Exhibit C.1-3.

On August 23, 2018, the Agency determined that a proposal from Atrium to construct a new patient tower on the campus of AH Pineville was exempt from review pursuant to G.S. 131E-184(g). In that request, Atrium proposed to develop an eight-story patient tower, approximately 269,000 square feet in total, which would be adjacent to and connected to AH Pineville. As part of that proposal, Atrium stated it planned to relocate 36 existing acute care beds to the second level of the proposed patient tower, and it planned to relocate 22 existing acute care beds and 14 unlicensed observation beds to the third level of the proposed patient tower. The seventh level of the proposed patient tower was described as shell space.

In Project ID #F-11813-19, the applicant stated 36 acute care beds previously approved as part of Project ID #F-11622-18 would be developed on the fourth level of the patient tower (instead of relocating existing acute care beds), and the remaining two acute care beds previously approved in Project ID #F-11622-18 along with 12 newly proposed acute care beds (pursuant to the need determination in the 2019 SMFP) would be developed on the third level of the patient tower (instead of unlicensed observation beds). In the current application, the applicant plans to develop 36 new acute care beds on the seventh floor of the patient tower, rather than leaving it as shell space. In Section C, page 34, the applicant states that it included in the capital expenditures the total cost to develop 36 acute care beds, including the cost of the core and shell of the seventh level attributable to development of the 36 acute care beds, and the portions of site, foundation, engineering, and other costs that are attributable to development of the 36 acute care beds on the seventh level. Thus, while the applicant states that the space will be renovated, it can also be considered new construction.

On page 119, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed acute care beds will be developed in the new patient tower already under construction.

- The applicant states that by developing the acute care beds in the patient tower under construction, it can add acute care bed capacity and develop it efficiently at a reasonable cost.

On page 119, 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 states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 31-32, 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
- Written comments
- Responses to comments
- 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.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

In Section K, page 118, the applicant states that the project involves upfitting 6,570 square feet of existing space on the seventh floor of the existing building and upfitting 79,800 square feet of space on Levels 7 and 8 of the patient bed tower under development. Line drawings are provided in Exhibit C.1-2.

On September 30, 2020, the Agency determined that a proposal from Atrium to construct a new patient tower on the campus of CMC was exempt from review pursuant to G.S. 131E-184(g). In that request, Atrium proposed to develop a 12-story patient tower which would be adjacent to and connected to CMC. As part of that proposal, Atrium stated it

planned to house nine replacement acute care beds, 23 unlicensed observation beds, and shell space on Level 7, and 64 replacement acute care beds on Level 8.

As part of Project ID #F-12006-20, Atrium proposed to develop 23 new acute care beds on Level 7 instead of the 23 unlicensed observation beds proposed in the original exemption request. In this application, the applicant proposes to develop 32 new acute care beds on Level 7, and to develop 34 new acute care beds on Level 8 instead of 34 (of the original 64) replacement beds. In Section C, pages 34-36, the applicant states that it included costs for the construction of the relevant portion of the new patient tower in its capital expenditure. Thus, while the applicant states that the space will be renovated, it can also be considered new construction.

Atrium proposes to develop the remaining nine acute care beds in existing space that was the subject of a requested exempt from review determination. On July 30, 2021, the Agency determined that a request to renovate existing space on the seventh floor of Levine Children's Hospital was exempt from review pursuant to G.S. 131E-184(g). The applicant proposes to develop the remaining nine acute care beds in that renovated space on the seventh floor of Levine Children's Hospital and includes line drawings of that space in Exhibit C.1-2.

In Section K, page 119, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed acute care beds will be developed in the new patient tower already under construction or in existing space in the main hospital building.
- The applicant states that by developing the acute care beds in the patient tower under construction, it can add acute care bed capacity and develop it efficiently at a reasonable cost.

On page 119, 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 states conservative fiscal management has allowed Atrium to set aside past excess revenues to pay for the proposed project without necessitating an increase in costs or charges.
- The applicant states that even if the proposed project is funded with debt, the applicant can do so without increasing costs or charges.

In Section B, pages 31-32, 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
- Written comments
- Responses to comments
- 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.

- (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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

In Section L, page 84, the applicant provides the historical payor mix during CY 2020 for the proposed services, as shown in the table below.

NH Presbyterian Historical Payor Mix – CY 2020	
Payor Category	Entire Facility
Self-Pay	1.8%
Charity Care	7.1%
Medicare*	27.9%
Medicaid*	16.2%
Insurance*	43.2%
Workers Compensation	0.4%
TRICARE	0.8%
Other (Institutional, Other Gov't)	2.6%
Total	100.0%

*Including any managed care plans.

Source: Novant internal data

In Section L, page 85, the applicant provides the following comparison.

NH Presbyterian	Percentage of Total Patients Served During CY 2020	Percentage of the Population of Mecklenburg County
Female	60.8%	51.9%
Male	39.2%	48.1%
Unknown	0.0%	0.0%
64 and Younger	74.6%	88.5%
65 and Older	25.4%	11.5%
American Indian	0.3%	0.8%
Asian	2.2%	6.3%
Black or African-American	36.8%	33.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	49.4%	46.1%
Other Race	11.2%	13.7%
Declined / Unavailable	3.9%	0.0%

Source: Novant internal data; US Census Bureau

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

In Section L, page 118, the applicant provides the historical payor mix during CY 2020 at AH University City, as shown in the table below.

AH University City Historical Payor Mix – CY 2020	
Payor Category	Entire Facility
Self-Pay	19.3%
Medicare*	24.5%
Medicaid*	17.5%
Insurance*	35.1%
Other**	3.6%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 119, the applicant provides the following comparison.

AH University City	Percentage of Total Patients Served During CY 2020	Percentage of the Population of Mecklenburg County
Female	58.1%	51.9%
Male	41.8%	48.1%
Unknown	0.1%	0.0%
64 and Younger	81.8%	88.5%
65 and Older	18.2%	11.5%
American Indian	1.3%	0.8%
Asian	1.0%	6.3%
Black or African-American	44.1%	33.0%
Native Hawaiian or Pacific Islander	0.2%	0.1%
White or Caucasian	31.1%	57.3%
Other Race	20.7%	2.5%
Declined / Unavailable	1.6%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

In Section L, page 122, the applicant provides the historical payor mix during CY 2020 at AH Pineville, as shown in the table below.

AH Pineville Historical Payor Mix – CY 2020	
Payor Category	Entire Facility
Self-Pay	12.3%
Medicare*	34.5%
Medicaid*	11.3%
Insurance*	38.9%
Other**	3.0%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 123, the applicant provides the following comparison.

AH Pineville	Percentage of Total Patients Served During CY 2020	Percentage of the Population of Mecklenburg County
Female	56.5%	51.9%
Male	43.5%	48.1%
Unknown	0.0%	0.0%
64 and Younger	69.8%	88.5%
65 and Older	30.2%	11.5%
American Indian	0.6%	0.8%
Asian	1.0%	6.3%
Black or African-American	22.3%	33.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	52.7%	57.3%
Other Race	22.1%	2.5%
Declined / Unavailable	1.3%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

In Section L, page 122, the applicant provides the historical payor mix during CY 2020 at CMC, as shown in the table below.

CMC Historical Payor Mix – CY 2020	
Payor Category	Entire Facility
Self-Pay	15.3%
Medicare*	29.5%
Medicaid*	18.7%
Insurance*	34.7%
Other**	1.8%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

Note: The applicant states charity care is provided to patients in any payor category and that its internal data does not include charity care as a payor source.

In Section L, page 123, the applicant provides the following comparison.

CMC	Percentage of Total Patients Served During CY 2020	Percentage of the Population of Mecklenburg County
Female	59.4%	51.9%
Male	40.4%	48.1%
Unknown	0.2%	0.0%
64 and Younger	77.4%	88.5%
65 and Older	22.6%	11.5%
American Indian	0.6%	0.8%
Asian	1.0%	6.3%
Black or African-American	25.3%	33.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	40.2%	57.3%
Other Race	0.0%	2.5%
Declined / Unavailable	32.8%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Responses to comments

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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 86, the applicant states it has no such obligation.

In Section L, page 86, 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, pages 120-121, the applicant states it has no such obligation.

In Section L, page 121, 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, pages 124-125, the applicant states it has no such obligation.

In Section L, page 125, 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 124, the applicant states it has no such obligation.

In Section L, page 125, 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.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

In Section L, page 87, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

NH Presbyterian Projected Payor Mix – FY 3 (CY 2026)		
Payor Category	Entire Facility	Acute Care Services
Self-Pay	2.0%	1.9%
Charity Care	7.6%	3.7%
Medicare*	27.3%	35.2%
Medicaid*	18.6%	17.3%
Insurance*	41.0%	38.7%
Workers Compensation	0.5%	0.2%
TRICARE	0.8%	0.7%
Other (Institutional, Other Gov't)	2.1%	2.3%
Total	100.0%	100.0%

*Including any managed care plans.

Source: Novant internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that two percent of total services and 1.9 percent of acute care services will be provided to self-pay patients, 7.6 percent of total services and 3.7 percent of acute care services to charity care patients, 27.3 percent of total services and 35.2 percent of acute care services to Medicare patients, and 18.6 percent of total services and 17.3 percent of acute care services to Medicaid patients.

On page 87, the applicant states that it provides charity care to both insured and uninsured patients, and to complete this table it counted all patients who received charity care in the charity care category and removed them from any of the other payor mix categories they may have also been in.

On page 87, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix is based on the historical payor mix from CY 2019.
- The applicant provides a reasonable explanation as to why it relied on CY 2019 data instead of more recent data to project utilization.
- The applicant clearly explains how it calculated the charity care payor mix and how other payor mixes do not include any patients who received charity care.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

In Section L, pages 121-122, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

AH University City Projected Payor Mix – CY 2026		
Payor Category	Entire Facility	Acute care beds
Self-Pay	19.3%	10.0%
Medicare*	24.5%	40.7%
Medicaid*	17.5%	18.2%
Insurance*	35.1%	28.4%
Other**	3.6%	2.7%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 19.3 percent of total services and 10 percent of acute care bed services will be provided to self-pay patients, 24.5 percent of total services and 40.7 percent of acute care bed services to Medicare patients, and 17.5 percent of total services and 18.2 percent of acute care bed services to Medicaid patients.

In Section L, page 121, the applicant states that Atrium's internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and that charity care projections are provided on Form F.2b. In the assumptions immediately following Forms F.2 and F.3, however, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On page 122, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

In Section L, pages 125-126, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

AH Pineville Projected Payor Mix – CY 2026		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	12.3%	6.1%
Medicare*	34.5%	56.2%
Medicaid*	11.3%	10.9%
Insurance*	38.9%	25.1%
Other**	3.0%	1.7%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 12.3 percent of total services and 6.1 percent of acute care bed services will be provided to self-pay patients, 34.5 percent of total services and 56.2 percent of acute care bed services to Medicare patients, and 11.3 percent of total services and 10.9 percent of acute care bed services to Medicaid patients.

In Section L, page 126, the applicant states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and that charity care projections are provided on Form F.2b. In the assumptions immediately following Forms F.2 and F.3, however, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On page 126, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

In Section L, pages 125-126, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

CMC Projected Payor Mix – CY 2030		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	15.3%	6.3%
Medicare*	29.5%	32.0%
Medicaid*	18.7%	30.7%
Insurance*	34.7%	27.9%
Other**	1.8%	3.1%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation and TRICARE.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 15.3 percent of total services and 6.3 percent of acute care bed services will be provided to self-pay patients, 29.5 percent of total services and 32 percent of acute care bed services to Medicare patients, and 18.7 percent of total services and 30.7 percent of acute care bed services to Medicaid patients.

In Section L, page 126, the applicant states that Atrium’s internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and that charity care projections are provided on Form F.2b. In the assumptions immediately following Forms F.2 and F.3, however, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On pages 125-126, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected patient payor mix is based on the historical patient payor mix.
- The applicant provides reasonable explanations for why it chose to project a payor mix identical to its historical payor mix.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

In Section L, page 89, 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
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

In Section L, page 123, 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
- Written comments
- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

In Section L, page 127, 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
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 36 acute care beds

In Section L, page 127, 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
- Written comments
- Responses to comments

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 – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

In Section M, page 90, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit H-2.1. The applicant adequately

demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area for which it already provides access to other Novant system facilities.
- The applicant describes the steps it takes to manage clinical education training programs and identifies specific residency programs it has established for the Novant system.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

In Section M, page 125, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to AH University City.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments

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

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

In Section M, page 129, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to AH Pineville.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

In Section M, page 129, 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 will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area which already have access to CMC.
- The applicant describes the clinical education training programs it provides access for and identifies numerous clinical education training programs it partners with to offer both training and access to its facilities.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 – All Applications

The 2021 SMFP includes a need determination for 123 acute care beds in the Mecklenburg County service area.

On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single and multicounty groupings shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,480 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville	233 (+45)
AH University City	104
CMC-Main*	1,055 (+87)
Atrium Total	1,392 (+162)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-22)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+78)
Mecklenburg County Total	2,240 (+240)

Source: Table 5A, 2021 SMFP; applications under review; 2021 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the AH Mercy campus licensed as part of CMC.

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 92, the applicant states:

“NH Presbyterian needs more inpatient beds so it can continue to compete with other hospitals in the market. ..., inpatient medical/surgical discharges at NH Presbyterian are increasing. NH Presbyterian needs more acute care beds to accommodate the growing demand for inpatient medical/surgical services without ED holds and other delays in inpatient admissions. The 22 proposed beds will allow NH Presbyterian to compete with Atrium Health and other hospitals serving Mecklenburg County residents by reducing admission delays and improving patient satisfaction.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 92, the applicant states:

“The 22 acute care beds will be on the third and fourth floors of NH Presbyterian’s main facility, in space that is currently used as a medical/surgical unit. The space was recently renovated in 2020, and is up to all current codes and standards. This is the most cost-effective way to provide additional inpatient bed capacity. Renovation costs will be minimal and much lower than the cost of constructing new space on campus or purchasing additional property for development. Locating additional acute care beds within the NH Presbyterian facility will improve

operational efficiency by relieving bottlenecks in the ED. This capacity will also reduce instances where NH Presbyterian must go on ED diversion status due to a lack of inpatient beds.”

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

Regarding the impact of the proposal on quality, in Section N, page 92, the applicant states:

“NH Presbyterian has experienced higher patient acuity and longer lengths of stay. The additional beds will reduce admission delays due to high bed occupancy. The proposed new acute care beds will minimize these delays, providing higher quality of care.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 93, the applicant states:

“Maintaining the current acute care bed inventory at NH Presbyterian will improve access to NH Presbyterian acute care services by underserved groups, including uninsured patients and patients covered by Medicare and Medicaid. Many of these patients are unscheduled admissions through the ED. The added inpatient capacity will help ensure that ED patients requiring inpatient care are admitted to beds more quickly. As Section L shows, NH Presbyterian has a history of providing services to Medicare and Medicaid patients, and will continue to do so if this project is approved.”

See also Sections B, 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
- Written comments
- Responses to comments
- 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 stated above.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 127, the applicant states:

“The proposed project is expected to 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 127, the applicant states:

“Please see Section B.20.c for a detailed discussion of Atrium Health University City’s commitment to maximizing the healthcare value for resources expended in the delivery of acute care services and the positive impact that its proposed project will have on the cost effectiveness of the proposed services.”

In Section B, pages 29-30, the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 12 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development. Atrium Health believes the additional acute care capacity is being provided in such a way that will involve minimal cost while also creating additional capacity to care for the growing number of patients...

Further, Atrium Health University City, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health University City to continue to provide its patients with the best care

possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, page 127, the applicant states:

“Please see the response to Section B.20.a for a detailed discussion of Atrium Health University City’s commitment to promoting safety and quality in the delivery of acute care services and the positive impact that its proposed project will have on the quality of the proposed services.”

In Section B, pages 27-28, the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services. Atrium Health University City is known for providing high quality services and expects the proposed project to expand its acute care services capacity while bolstering its high quality reputation.

...

The proposed project will serve to improve the quality of acute care services provided at Atrium Health University City.”

See also Sections B, 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 127, the applicant states:

“Please see Section B.20.b for a detailed discussion of Atrium Health University City’s commitment to promoting equitable access in the provision of acute care services and the positive impact its proposed project will have on access by medically underserved groups to the proposed services.”

In Section B, pages 28-29, the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay...

...

By expanding capacity for Atrium Health University City's acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County."

See also Sections B, 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
- Written comments
- Responses to comments
- 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 stated above.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 131, the applicant states:

"The proposed project is expected to 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 131, the applicant states:

“Please see Section B.20.c for a detailed discussion of Atrium Health Pineville’s commitment to maximizing the healthcare value for resources expended in the delivery of acute care services and the positive impact that its proposed project will have on the cost effectiveness of the proposed services.”

In Section B, page 30, the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 36 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development. [Atrium] believes the additional acute care capacity to care for a growing number of patients at Atrium Health Pineville can be developed efficiently at a reasonable cost ... as part of the much larger patient tower project while also creating the necessary capacity to care for a growing number of patients.

Further, Atrium Health Pineville, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Pineville to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, page 131, the applicant states:

“Please see the response to Section B.20.a for a detailed discussion of Atrium Health Pineville’s commitment to promoting safety and quality in the delivery of acute care services and the positive impact that its proposed project will have on the quality of the proposed services.”

In Section B, pages 27-29, the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services. Atrium Health Pineville is known for providing high quality services and expects the proposed project to expand its acute care services capacity while bolstering its high quality reputation.

...

The proposed project will serve to improve the quality of acute care services provided at Atrium Health Pineville.”

See also Sections B, 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 131, the applicant states:

“Please see Section B.20.b for a detailed discussion of Atrium Health Pineville’s commitment to promoting equitable access in the provision of acute care services and the positive impact its proposed project will have on access by medically underserved groups to the proposed services.”

In Section B, pages 29-30, the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay...

...

By expanding capacity for Atrium Health Pineville’s acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County.”

See also Sections B, 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
- Written comments
- Responses to comments
- 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 stated above.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 131, the applicant states:

“The proposed project is expected to 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 131, the applicant states:

“Please see Section B.20.c for a detailed discussion of CMC’s commitment to maximizing the healthcare value for resources expended in the delivery of acute care services and the positive impact that its proposed project will have on the cost effectiveness of the proposed services.”

In Section B, page 30, the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 75 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development.

...

Further, CMC, as a part of the larger [Atrium] system, benefits from the significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable CMC to continue to provide its patients with the best care possible, while also being responsive in a healthcare

environment that emphasizes cost containment and efficient utilization of existing resources.”

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

Regarding the impact of the proposal on quality, in Section N, pages 131, the applicant states:

“Please see the response to Section B.20.a for a detailed discussion of CMC’s commitment to promoting safety and quality in the delivery of acute care services and the positive impact that its proposed project will have on the quality of the proposed services.”

In Section B, pages 27-28, the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services. CMC is known for providing high quality services and expects the proposed project to expand its acute care services capacity while bolstering its high quality reputation.

...

The proposed project will serve to improve the quality of acute care services provided at CMC.”

See also Sections B, 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 131, the applicant states:

“Please see Section B.20.b for a detailed discussion of CMC’s commitment to promoting equitable access in the provision of acute care services and the positive impact its proposed project will have on access by medically underserved groups to the proposed services.”

In Section B, pages 28-30, the applicant states, in part:

“The proposed project will improve access to acute care services in the service area. [Atrium] has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, [disability], or ability to pay as demonstrated in [Atrium]’s Non-Discrimination policies provided in Exhibit B.20-4. The proposed project will continue to serve this population...

...

By expanding capacity for CMC's acute care patients, the proposed project will enhance equitable access to these services in Mecklenburg County."

See also Sections B, 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
- Written comments
- Responses to comments
- 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 stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C – All Applications

Project I.D. #F-12144-21/Novant Health Presbyterian Medical Center/Add 22 acute care beds

The applicant proposes to add 22 new acute care beds to NH Presbyterian, a hospital with 497 existing and approved acute care beds, for a total of 519 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified 12 other existing and operational hospitals in North Carolina.

In Section O, pages 96-97, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care resulting in a finding of immediate jeopardy at any of the 12 hospitals. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were incidents related to quality of care that occurred in two of the 12 hospitals. Both hospitals have resolved the issues and are back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 12 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project I.D. #F-12146-21/Atrium Health University City/Add 12 acute care beds

The applicant proposes to add 12 acute care beds to AH University City, a hospital with 104 existing and approved acute care beds, for a total of 116 acute care beds upon project completion.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 13 hospitals in North Carolina.

In Section O, page 131, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in an Immediate Jeopardy finding at Atrium Health Cleveland. The applicant states the facility is back in compliance and provides supporting documentation in Exhibit O.4. The applicant states that no other facilities had immediate jeopardy findings during the 18 months immediately preceding the submittal of the application. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in any of the 13 hospitals. 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 13

hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project I.D. #F-12147-21/Atrium Health Pineville/Add 36 acute care beds

The applicant proposes to add 36 acute care beds to AH Pineville, a hospital with 278 existing and approved acute care beds, for a total of 314 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 13 hospitals in North Carolina.

In Section O, page 135, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in an Immediate Jeopardy finding at Atrium Health Cleveland. The applicant states the facility is back in compliance and provides supporting documentation in Exhibit O.4. The applicant states that no other facilities had immediate jeopardy findings during the 18 months immediately preceding the submittal of the application. According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in any of the 13 hospitals. 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 13 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project I.D. #F-12149-21/Carolinas Medical Center/Add 75 acute care beds

The applicant proposes to add 75 acute care beds to CMC, a hospital with 1,142 existing and approved acute care beds, for a total of 1,217 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 13 hospitals in North Carolina.

In Section O, page 135, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in an Immediate Jeopardy finding at Atrium Health Cleveland. The applicant states the facility is back in compliance and provides supporting documentation in Exhibit O.4. The applicant states that no other facilities had immediate jeopardy findings during the 18 months immediately preceding the submittal of the application. According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in any of the 13 hospitals. 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 13 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C – All Applications

SECTION .3800 – CRITERIA AND STANDARDS FOR ACUTE CARE BEDS are applicable to:

10A NCAC 14C .3803 PERFORMANCE STANDARDS

(a) *An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.*

-C- **Novant Health Presbyterian Medical Center.** The applicant proposes to develop 22 acute care beds at NH Presbyterian. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Novant is greater than 200. The applicant projects a utilization rate of 77 percent by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Novant is reasonably projected to be at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Atrium Health University City.** The applicant proposes to develop 12 acute care beds at AH University City. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 87.9 percent by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Atrium is reasonably projected to be at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Atrium Health Pineville.** The applicant proposes to develop 36 acute care beds at AH Pineville. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 87.9 percent by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Atrium is reasonably projected to be at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Carolinas Medical Center.** The applicant proposes to develop 75 acute care beds at CMC. The projected ADC of the total number of acute care beds proposed to be licensed within the service area and owned by Atrium is greater than 200. The applicant projects a utilization rate of 90.2 percent by the end of the third operating year following completion of the proposed project.

The applicant adequately demonstrates that the projected utilization of the total number of acute care beds proposed to be licensed within the service area and which are owned by Atrium is reasonably projected to be at least 75.2 percent by the end of the third operating year following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (b) *An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this rule and demonstrate that they support the projected inpatient utilization and average daily census.*

- C- **Novant Health Presbyterian Medical Center.** See Section C, pages 34-43, for the applicant's discussion of need, and Section C, pages 53-56 along with Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Atrium Health University City.** See Section C, pages 65-75, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Atrium Health Pineville.** See Section C, pages 65-78, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

- C- **Carolinas Medical Center.** See Section C, pages 67-78, for the applicant's discussion of need, and Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussions regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

COMPARATIVE ANALYSIS FOR ACUTE CARE BEDS

Pursuant to G.S. 131E-183(a)(1) and the 2021 State Medical Facilities Plan, no more than 123 acute care beds may be approved for Mecklenburg County in this review. Because the applications in this review collectively propose to develop 145 additional acute care beds in Mecklenburg County, all applications cannot be approved for the total number of beds proposed. Therefore, after considering all the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in the Acute Care Bed Comparative Analysis.

- Project ID #F-12144-21 / **Novant Health Presbyterian Medical Center** / Develop 22 additional acute care beds pursuant to the 2021 SMFP need determination
- Project ID #F-12146-21 / **Atrium Health University City** / Develop 12 additional acute care beds pursuant to the 2021 SMFP Need Determination
- Project ID #F-12147-21 / **Atrium Health Pineville** / Develop 36 additional acute care beds pursuant to the 2021 SMFP Need Determination
- Project ID #F-12149-21 / **Carolinas Medical Center** / Develop 75 additional acute care beds pursuant to the 2021 SMFP Need Determination

The table below summarizes information about each application.

	NH Presbyterian	AH University City	AH Pineville	CMC
Hospital Level of Care	Tertiary	Community	Tertiary	Quaternary
Number of Existing Beds*	497	104	278	1,142
Beds Proposed to be Added	22	12	36	75
Total Number of Proposed Beds**	519	116	314	1,217
Third Full Fiscal Year	CY 2026	CY 2026	CY 2026	CY 2030
Projected Acute Care Days – FY 3	168,633	35,586	87,504	402,207
Projected Discharges – FY 3	32,808	8,277	21,184	66,377
% of Beds Compared to Quaternary Hospital***	42.6%	9.5%	25.8%	NA
% of Beds Compared to Tertiary Hospital***	NA	22.4% (NHPMC), 36.9% (AH-P)	NA	NA

*Includes beds previously approved but not yet developed and excludes beds approved to be relocated away from the facility

**Proposed Beds = Number of existing beds + Number of beds requested in the application

***Assuming all beds requested by each applicant are approved

Because of the significant differences in types of facilities, numbers of total acute care beds, numbers of projected acute care days and discharges, levels of patient acuity which can be served, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size proposing like services and reporting in like formats.

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) with regard to specific comparative analysis factors is determined in part by whether or not the applications

included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Conformity with Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

Table 5B on page 46 of the 2021 SMFP identifies a need for 123 additional acute care beds in Mecklenburg County. As shown in Table 5A, page 41, the Novant Health system shows a projected deficit of 29 acute care beds for 2023 and the Atrium Health system shows a projected deficit of 250 acute care beds for 2023, which in combination with the need determinations from the 2019 and 2020 SMFPs results in the Mecklenburg County need determination for 123 acute care beds. However, the application process is not limited to the provider (or providers) that show a deficit and create the need for additional acute care beds. Any qualifying provider can apply to develop the 123 acute care beds in Mecklenburg County. Furthermore, it is not necessary that an existing provider have a projected deficit of acute care beds to apply for more acute care beds. However, it is necessary that an applicant adequately demonstrate the need to develop its project, as proposed.

All four applications are conforming to all applicable statutory and regulatory review criteria. Therefore, with regard to conformity with review criteria, all four applications are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

All four applications involve existing acute care hospitals which provide numerous types of medical services. However, only one applicant, **Carolinas Medical Center**, is a Level I trauma center, a quaternary care center, and an academic medical center. **Atrium Health Pineville** and **Novant Health Presbyterian Medical Center** are both tertiary care centers but do not offer as many services as **Carolinas Medical Center**. **Atrium Health University City** is a smaller community hospital that does not offer tertiary care services.

Therefore, **Carolinas Medical Center** is the more effective alternative with respect to this comparative factor and **Novant Health Presbyterian Medical Center**, **Atrium Health Pineville**, and **Atrium Health University City** are less effective alternatives.

Geographic Accessibility

As of the date of this decision, there are 2,480 existing and approved acute care beds, allocated between ten existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
AH Lake Norman	0 (+30)
AH Pineville	278
AH University City	104
CMC*	1,055 (+87)
Atrium Total	1,554
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center**	154 (+20)
NH Health Presbyterian Medical Center	519 (-22)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	926
Mecklenburg County Total	2,480

Source: Table 5A, 2021 SMFP; applications under review; 2022 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the AH Mercy campus licensed as part of CMC.

The following table illustrates where the acute care beds are located in Mecklenburg County.

City	System	Total Acute Care Bed Inventory*
Charlotte	Atrium	1,142
	Novant	497
Steele Creek	Novant	32
	Atrium	22
Ballantyne	Novant	36
	Atrium	104
	Charlotte Total	1,833
Pineville	Atrium	256
Huntersville	Novant	151
Matthews	Novant	174
Mint Hill	Novant	36
Cornelius	Atrium	30
Total		2,480
Total Mecklenburg County		2,480

*Existing and approved acute care beds.

****Source:** NC OSBM; accessed January 26, 2022.

As shown in the table above, the existing and approved acute care beds are in Charlotte, Cornelius, Huntersville, Matthews, Mint Hill, and Pineville. **Novant Health Presbyterian Medical Center** proposes to add 22 acute care beds to an existing facility in Charlotte. **Atrium Health University City** proposes to add 12 acute care beds to an existing facility in the University City section of Charlotte. **Atrium Health Pineville** proposes to add 36 acute care beds to an existing facility in Pineville. **Carolinas Medical Center** proposes to add 75 acute care beds to an existing facility in Charlotte. 109 acute care beds would be in Charlotte, which already has 1,833 existing and approved acute care beds. The remaining 36 acute care beds would be in Pineville, which already has 256 existing and approved acute care beds.

All four applications propose to add beds to existing facilities. It is clear that all the facilities are widely geographically accessible. Therefore, with regard to geographic accessibility, **Novant Health Presbyterian Medical Center, Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** are all equally effective alternatives.

Historical Utilization

The following table illustrates historical acute care bed utilization for existing facilities based on acute care days as reported in Table 5A of the 2022 SMFP. Generally, regarding this comparative factor, an existing provider with higher historical utilization rates is the more effective alternative based on an assumption that that provider has a greater need for the proposed acute care beds in order to serve its projected patients.

Mecklenburg County Historical Acute Care Bed Utilization (Table 5A of 2022 SMFP)						
Facility	FFY 2020 Acute Care Days*	ADC	# of Acute Care Beds**	Utilization	Proj. (Surplus)/Deficit	
CMC	325,164	891	1,055	84.5%	156	
AH Pineville	72,498	199	233	85.4%	23	
AH University City	28,116	77	100	77.0%	28	
Atrium System	425,778	1,167	1,388	84.1%	176	
NH Presbyterian	148,333	406	519	78.2%	95	
Novant System	225,108	617	848	72.3%	12	

*Adjusted based on changes to methodology approved by the SHCC.

**Existing acute care beds during FFY 2020 only.

As shown in the table above, all four facilities have utilization rates above 77 percent, and all four facilities have projected deficits of acute care beds in 2023. Out of the four facilities, **Atrium Health Pineville** has the highest utilization rate, and **Novant Health Presbyterian Medical Center, Atrium Health University City, and Carolinas Medical Center** have lower utilization rates than **Atrium Health Pineville**.

However, the acute care days shown in Table 5A of the 2022 SMFP are adjusted based on a change to the need methodology made by the SHCC to account for changes in utilization due to COVID-19. For comparison, here is the same information as reported in Table 5A of the 2021 SMFP.

Mecklenburg County Historical Acute Care Bed Utilization (Table 5A of 2021 SMFP)						
Facility	FFY 2019 Acute Care Days	ADC	# of Acute Care Beds*	Utilization	Proj. (Surplus)/Deficit	
CMC	321,862	882	1,055	83.6%	209	
AH Pineville	71,985	197	221	89.1%	27	
AH University City	27,856	76	100	76.0%	14	
Atrium System	421,703	1,155	1,376	83.9%	250	
NH Presbyterian	142,168	390	519	75.1%	84	
Novant System	217,163	595	848	70.2%	(29)	

*Existing acute care beds during FFY 2019 only.

In both the 2021 SMFP and the 2022 SMFP, **Atrium Health Pineville** has the highest historical utilization, followed by **Carolinas Medical Center**, then by **Atrium Health University City**, and

then by **Novant Health Presbyterian Medical Center**. All facilities have projected deficits of acute care beds.

Acute care bed need determinations are driven by health systems, not the individual hospitals within a health system. While **Novant Health Presbyterian Medical Center** has a deficit of acute care beds, the Novant health system has a surplus of acute care beds; **Novant Health Presbyterian Medical Center's** bed deficit was not part of what drove the need determination. In contrast, despite having a surplus of 30 beds at Atrium Health Lake Norman (because it is under development) and despite the Atrium health system acute care bed deficit being decreased to account for acute care beds in the 2020 SMFP that had not yet been awarded, the Atrium health system acute care bed deficit triggered the need determination for 123 acute care beds in the 2022 SMFP. Each of the Atrium facilities in this application had bed deficits that contributed to the need determination for this review.

Therefore, with regard to historical utilization, **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center** are more effective alternatives and **Novant Health Presbyterian Medical Center** is a less effective alternative.

Competition (Patient Access to a New or Alternate Provider)

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

As of the date of this decision, there are 2,480 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/(Approved) Beds
AH Lake Norman	0 (+30)
AH Pineville	233 (+45)
AH University City	104
CMC-Main*	1,055 (+87)
Atrium Total	1,392 (+162)
NH Ballantyne Medical Center	0 (+36)
NH Huntersville Medical Center	139 (+12)
NH Health Matthews Medical Center	154 (+20)
NH Health Presbyterian Medical Center	519 (-22)
NH Mint Hill Medical Center	36
NH Steele Creek Medical Center	0 (+32)
Novant Total	848 (+78)
Mecklenburg County Total	2,240 (+240)

Source: Table 5A, 2021 SMFP; applications under review; 2021 LRAs; Agency records.

Note: Numbers in parentheses reflect approved changes in bed inventory which have not yet been developed.

*Includes the AH Mercy campus licensed as part of CMC.

Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center are affiliated with Atrium Health, which currently controls 1,554 of the 2,480 acute care beds in Mecklenburg County, or 62.7 percent. **Novant Health Presbyterian Medical Center** is affiliated with Novant Health, which currently controls 926 of the 2,480 acute care beds in Mecklenburg County, or 37.3 percent.

If **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** all have their applications approved for a combined total of 123 acute care beds, and **Novant Health Presbyterian Medical Center's** application was denied, Atrium would control 1,677 of the 2,603 existing or approved acute care beds (following this review) in Mecklenburg County, or 64.4 percent, and Novant would control 926 of the 2,603 existing or approved acute care beds, or 35.6 percent. If **Novant Health Presbyterian Medical Center's** application for 22 acute care beds is approved, and the remaining 101 acute care beds are awarded to **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center**, Novant Health would control 948 of the 2,603 existing and approved acute care beds in Mecklenburg County, or 36.4 percent, and Atrium would control 1,655 of the 2,603 existing and approved acute care beds in Mecklenburg County, or 63.6 percent. Regardless of the ultimate conclusion of this comparative analysis, Atrium will control a larger percentage of acute care beds in Mecklenburg County than it currently does, and Novant will control a lesser percentage of acute care beds in Mecklenburg County than it currently does.

Therefore, with regard to patient access to a new or alternate provider, the application submitted by **Novant Health Presbyterian Medical Center** is the more effective alternative, and the applications submitted by **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** are less effective alternatives.

Access by Service Area Residents

On page 31, the 2021 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

Projected Service to Mecklenburg County Residents – FY 3		
Applicant	# Mecklenburg Residents	% Mecklenburg Residents
NH Presbyterian	22,638	69.0%
AH University City	6,150	74.3%
AH Pineville	7,958	40.7%
Carolinas Medical Center	25,790	51.3%

Sources: Project ID #F-12144-21 p.32, Project ID #F-12146-21 p.37, Project ID #F-12147-21 p.38, Project ID #F-12149-21 p.40

As shown in the table above, **Carolinas Medical Center** projects to serve the highest number of Mecklenburg County residents and **Atrium Health University City** projects to serve the highest percentage of Mecklenburg County residents.

However, the acute care bed need determination methodology is based on utilization of all patients that utilize acute care beds in Mecklenburg County and is not only based on patients originating from Mecklenburg County. Mecklenburg County is also a large urban county with over one million residents, has two large health systems plus numerous smaller healthcare groups, and is on the border of North Carolina and South Carolina.

Further, **Carolinas Medical Center** is a Level I trauma quaternary care academic medical center which, because of its numerous advanced specialties and extremely specialized level of care is likely to pull in many patients from significant distances who are seeking the specialized level of health care offered by **Carolinas Medical Center**. Additionally, **Novant Health Presbyterian Medical Center** and **Atrium Health Pineville** are tertiary care centers. While they do not provide the same level of care as **Carolinas Medical Center**, tertiary care centers still offer specialized health care that will pull in patients from outside of Mecklenburg County – especially since **Atrium Health Pineville** is located very close to the South Carolina border.

Considering the discussion above, the result of this analysis is inconclusive.

Access by Underserved Groups

“Underserved groups” is defined in G.S. 131E-183(a)(13) as follows:

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”

For access by underserved groups, the applications in this review are compared with respect to three underserved groups: charity care patients (i.e., medically indigent or low-income persons), Medicare patients, and Medicaid patients. Access by each group is treated as a separate factor.

The Agency may use one or more of the following metrics to compare the applications:

- Total charity care, Medicare, or Medicaid patients
- Charity care, Medicare, or Medicaid patients as a percentage of total patients
- Charity care, Medicare, or Medicaid patients per acute care bed
- Total charity care, Medicare, or Medicaid dollars
- Charity care, Medicare, or Medicaid dollars as a percentage of total net revenues
- Charity care, Medicare, or Medicaid dollars per acute care bed

Whether the Agency used all the metrics listed above in this review was determined by whether every application included in this review included data that could be compared for each metric.

Projected Charity Care

The following table shows projected charity care during the third full fiscal year following project completion for each facility.

Projected Charity Care – 3rd Full FY				
Applicant	Total Charity Care	Av. Charity Care per Patient	% of Gross Revenue	# Charity Care Patients (entire facility)
NH Presbyterian	\$61,554,377	\$1,876	2.6%	25,330
AH University City	\$13,900,201	\$1,679	7.5%	13,676
AH Pineville	\$16,752,174	\$857	4.7%	9,111
Carolinas Medical Center	\$94,428,401	\$1,878	4.9%	43,511

Sources: Forms C.1b and F.2b for each applicant; Project ID #F-12144-21 p.88, Project ID #F-12146-21 pp.122-123, Project ID #F-12147-21 pp.126-127, Project ID #F-12149-21 pp.126-127

As shown in the table above, **Carolinas Medical Center** projects to provide the highest total dollar amount of charity care and projects to serve the highest number of charity care patients, **Carolinas Medical Center** and **Novant Health Presbyterian Medical Center** project to provide the highest average dollar amount of charity care per patient, and **Atrium Health University City** projects to provide the highest percentage of its gross revenue in charity care. Generally, the application

projecting to provide the most charity care is the more effective alternative for this comparative factor.

However, in Section L, page 87, **Novant Health Presbyterian Medical Center** says it provides charity care to both insured and uninsured patients and reported all its charity care patients on one line of the payor mix table and did not include them in other categories.

In Section L, page 122, **Atrium Health University City** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients.

In Section L, page 125, **Atrium Health Pineville** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients.

In Section L, page 125, **Carolinas Medical Center** says its internal data does not track charity care as a payor source and charity care is provided to patients across all payor categories. However, in the assumptions immediately following Forms F.2 and F.3, the applicant states projected charity care is the difference between projected gross revenue and projected net revenue for self-pay patients.

Further, **Novant Health Presbyterian Medical Center's** pro formas are not structured the same way as those from **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Based on the differences in how each applicant categorizes charity care and the differences in presentation of pro forma financial statements, the Agency determined it could not make a valid comparison of the charity care provided by each applicant for purposes of evaluating which application was more effective with regard to this comparative factor.

However, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Medicare

The following table shows projected Medicare revenue during the third full fiscal year following project completion for each facility.

Projected Medicare Revenue – 3rd Full FY			
Applicant	Total Medicare Rev.	Av. Medicare Rev./Patient	% of Gross Rev.
NH Presbyterian	\$1,045,501,596	\$31,867	44.8%
AH University City	\$69,571,270	\$8,405	40.7%
AH Pineville	\$198,698,152	\$10,162	56.2%
Carolinas Medical Center	\$616,049,514	\$12,254	32.0%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Novant Health Presbyterian Medical Center** projects to have the highest total amount of Medicare revenue and the highest average Medicare revenue per patient, and **Atrium Health Pineville** projects to have the highest percentage of Medicare revenue as a percentage of gross revenue. Generally, the application projecting to provide the most revenue to Medicare patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Medicaid

The following table shows projected Medicaid revenue during the third full fiscal year following project completion for each facility.

Projected Medicaid Revenue – 3rd Full FY			
Applicant	Total Medicaid Rev.	Av. Medicaid Rev./Patient	% of Gross Rev.
NH Presbyterian	\$294,781,655	\$8,985	12.6%
AH University City	\$31,086,187	\$3,756	18.2%
AH Pineville	\$38,546,119	\$1,971	10.9%
Carolinas Medical Center	\$590,364,605	\$11,743	30.7%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects the highest total Medicaid revenue, the highest average Medicaid revenue per patient, and the highest percent of Medicaid revenue as a percentage of gross revenue. Generally, the application projecting to provide the most revenue to Medicaid patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Net Revenue per Patient

The following table shows the projected average net revenue per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average net revenue per patient is the more effective alternative with regard to this comparative factor since a lower average may indicate a lower cost to the patient or third-party payor.

Projected Average Net Revenue per Patient – 3rd Full FY			
Applicant	Total # of Patients	Net Revenue	Average Net Revenue per Patient
NH Presbyterian	32,808	\$648,756,470	\$19,774
AH University City	8,277	\$35,733,223	\$4,317
AH Pineville	19,554	\$78,745,638	\$4,027
Carolinas Medical Center	50,273	\$511,127,943	\$10,167

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects to have the lowest average net revenue per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Operating Expense per Patient

The following table shows the projected average operating expense per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average operating expense per patient is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Projected Operating Expense per Patient – 3rd Full FY			
Applicant	Total # of Patients	Operating Expense	Average Operating Expense per Patient
NH Presbyterian	32,808	\$643,262,002	\$19,607
AH University City	8,277	\$35,644,736	\$4,307
AH Pineville	19,554	\$71,325,860	\$3,648
Carolinas Medical Center	50,273	\$401,715,791	\$7,991

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects the lowest average operating expense per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center**. In the assumptions and methodology for Form F.3, **Novant Health Presbyterian Medical Center** states the acute care operating expenses include costs for support staff salaries, fees for other departments, and costs for ancillary and support services. In the assumptions and methodology for Form F.3, **Atrium Health University City**, **Atrium Health Pineville**, and **Carolinas Medical Center** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services. None of the three Atrium applications state whether costs for ancillary and support services are included in the projected operating expenses. All three Atrium applications project salary expenses only for staff identified in Form H.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

SUMMARY

Due to significant differences in the size of hospitals, levels of acuity each hospital can serve, total revenues and expenses, and the differences in presentation of pro forma financial statements, the

comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size and reporting in like formats.

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	NH Presbyterian	AH University City	AH Pineville	CMC
Conformity with Review Criteria	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Scope of Services	Less Effective	Less Effective	Less Effective	More Effective
Geographic Accessibility	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Historical Utilization	Less Effective	More Effective	More Effective	More Effective
Competition/Access to New/Alternate Provider	More Effective	Less Effective	Less Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Access by Underserved Groups				
Projected Charity Care	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, **Novant Health Presbyterian Medical Center, Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Scope of Services, **Carolinas Medical Center** offers the more effective alternative and **Novant Health Presbyterian Medical Center, Atrium Health University City, and Atrium Health Pineville** offer less effective alternatives. See Comparative Analysis for discussion.
- With respect to Geographic Accessibility, **Novant Health Presbyterian Medical Center, Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Historical Utilization, **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** offer the more effective alternatives and **Novant Health Presbyterian Medical Center** offers a less effective alternative. See Comparative Analysis for discussion.
- With respect to Competition/Access to New Provider, **Novant Health Presbyterian Medical Center** offers the more effective alternative and **Atrium Health University City, Atrium Health Pineville, and Carolinas Medical Center** offer less effective alternatives. See Comparative Analysis for discussion.

CONCLUSION

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for Mecklenburg County. All applications submitted for acute care beds in this review are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 145 acute care beds while the need determination is for 123 acute care beds; therefore, only 123 acute care beds can be approved.

As discussed above, **Carolinas Medical Center** was determined to be the more effective alternative for two factors:

- Scope of Services
- Historical Utilization

As discussed above, **Novant Health Presbyterian Medical Center** was determined to be the more effective alternative for one factor:

- Competition/Access to a New or Alternate Provider

As discussed above, **Atrium Health University City** was determined to be the more effective alternative for one factor:

- Historical Utilization

As discussed above, **Atrium Health Pineville** was determined to be the more effective alternative for one factor:

- Historical Utilization

With regard to acute care beds, the application submitted by **Carolinas Medical Center** is comparatively superior and is approved as submitted.

The **Novant Health Presbyterian Medical Center**, **Atrium Health University City**, and **Atrium Health Pineville** applications are all equally effective alternatives amongst themselves. Based on the applications as submitted and the Comparative Analysis, there is no application from this group that is comparatively superior to any other application in this group. However, it is not possible to award all applicants the number of beds they seek.

Based on that analysis, the beds will be awarded in proportion to the number of beds requested by each applicant. See the table below for the summary of calculations.

Facility	# of Beds Requested	% of Total Beds Requested	Beds Awarded	% of Beds Awarded
NH Presbyterian	22	31.4%	15	31.3%
AH University City	12	17.1%	8	16.7%
AH Pineville	36	51.4%	25	52.1%
Total	70	100.0%	48	100.0%

Note: Table may not foot due to rounding.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- **Project ID #F-12149-21 / Carolinas Medical Center / Develop no more than 75 acute care beds pursuant to the need determination in the 2021 SMFP for a total of 1,217 acute care beds upon completion of this project and Project ID #F-12008-20 (add 87 beds)**

And the following applications are approved as modified in the descriptions below:

- **Project ID #F-12144-21 / Novant Health Presbyterian Medical Center / Develop no more than 15 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 512 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), and Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center)**
- **Project ID #F-12146-21 / Atrium Health University City / Develop no more than 8 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 112 acute care beds upon project completion**
- **Project ID #F-12147-21 / Atrium Health Pineville / Develop no more than 25 acute care beds pursuant to the need determination in the 2021 SMFP for a total of no more than 303 acute care beds upon completion of this project, Project ID #F-11622-18 (add 38 beds), and Project ID #F-12009-20 (add 7 beds)**

Project ID #F-12144-21 is approved subject to the following conditions.

1. The Presbyterian Hospital and Novant Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than 15 additional acute care beds at Novant Health Presbyterian Medical Center for a total of no more than 512 acute care beds upon completion of this project, Project ID #F-8765-11 (add 14 beds), and Project ID #F-11625-18 (relocate 36 beds to develop Novant Health Ballantyne Medical Center).
3. Upon completion of the project, Novant Health Presbyterian Medical Center shall be licensed for no more than 512 acute care beds.
4. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on September 1, 2022. The second progress report shall be due on December 1, 2022, and so forth.
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. 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.
7. 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.

Project ID #F-12146-21 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 develop no more than 8 additional acute care beds at Atrium Health University City pursuant to the need determination in the 2021 SMFP for a total of no more than 112 acute care beds upon project completion.
3. Upon completion of the project, Atrium Health University City shall be licensed for no more than 112 acute care beds.
4. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on September 1, 2022. The second progress report shall be due on December 1, 2022, and so forth.
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.

Project ID #F-12147-21 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 develop no more than 25 additional acute care beds at Atrium Health Pineville pursuant to the need determination in the 2021 SMFP for a total of no more than 303 acute care beds upon completion of this project, Project ID #F-11622-18 (add 38 beds), and Project ID #F-12009-20 (add 7 beds).

3. Upon completion of the project, Atrium Health Pineville shall be licensed for no more than 303 acute care beds.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on September 1, 2022. The second progress report shall be due on December 1, 2022, and so forth.
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.

Project ID #F-12149-21 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 develop no more than 75 acute care beds at Carolinas Medical Center pursuant to the need determination in the 2021 SMFP for a total of 1,217 acute care beds upon completion of this project and Project ID #F-12008-20 (add 87 beds).
3. Upon completion of the project, Carolinas Medical Center shall be licensed for no more than 1,217 acute care beds.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on September 1, 2022. The second progress report shall be due on December 1, 2022, and so forth.
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.