

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: April 27, 2023

Findings Date: April 27, 2023

Project Analyst: Gregory F. Yakaboski

Co-Signer: Mike McKillip

Project ID #: M-12333-23

Facility: Cape Fear Valley Medical Center

FID #: 943057

County: Cumberland

Applicant: Cumberland County Hospital System, Inc.

Project: Develop no more than 8 hospice inpatient beds pursuant to the need determination in the 2023 SMFP

REVIEW CRITERIA

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

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

C

The applicant, Cumberland County Hospital Systems, Inc. d/b/a Cape Fear Valley Medical Center (hereinafter referred to as “the applicant”) proposes to develop eight hospice inpatient beds at Cape Fear Valley Medical Center (CFVMC) pursuant to the need determination in the 2023 State Medical Facilities Plan (SMFP). CFVMC currently has no hospice inpatient beds.

Need Determination

The 2023 SMFP includes a hospice inpatient bed need determination for eight hospice inpatient beds in the Cumberland County Service Area. The applicant submitted an application for eight hospice inpatient beds in response to the need identified in Table 13H, page 276, of the 2023 SMFP for eight additional hospice inpatient beds in Cumberland County, and there were no

other applications submitted for those beds. The applicant does not propose to develop more hospice inpatient beds than are determined to be needed in the Cumberland County Service Area. Thus, the applicant's proposal is consistent with the need determination in the 2023 SMFP for hospice inpatient beds in Cumberland County.

Policies

There is one policy in the 2023 SMFP which is applicable to this review: *Policy GEN-3: Basic Principles*.

Policy GEN-3: Basic Principles, on page 30 of the 2023 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-3. In Section B, pages 25-26, the applicant explains why it believes its application is conforming to Policy GEN-3.

Conclusion

The Agency reviewed the:

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

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

- The applicant does not propose to develop more hospice inpatient beds than are determined to be needed in the service area.
- 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 hospice inpatient services in Cumberland County; and
 - The applicant adequately documents how the project will promote equitable access to hospice inpatient services in Cumberland County; and

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

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

Patient Origin

In Chapter 13, page 251, the 2022 SMFP defines the service area for hospice inpatient services as “the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.” The eight inpatient hospice beds are proposed to be in Cumberland County; thus, the service area is Cumberland County. Facilities may serve residents of counties not included in their service area.

The following table illustrates projected patient origin.

County	CFVMC Hospice Inpatient Beds Projected Patient Origin					
	1 st Full FY (10/1/2024-9/30/2025)		2 nd Full FY (10/1/2025-9/30/2026)		3 rd Full FY (10/1/2026-9/30/2027)	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Cumberland	234	72.4%	270	74.4%	308	76.1%
Bladen	9	2.8%	9	2.5%	10	2.5%
Harnett	53	16.4%	55	15.2%	58	14.3%
Hoke	17	5.3%	18	4.9%	18	4.4%
Sampson	10	3.1%	11	3.0%	12	2.7%
Total	323	100.0%	363	100.0%	406	100.0%

Source: Section C, page 29.

In Section C, page 29 and in Section Q, pages 101-104 , the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 31-41, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, summarized as follows:

There is a growing need for local hospice inpatient services as the population in Cumberland County continues to both increase and age. (See pages 34-35)

The Cumberland County population suffers from several hospice- related diagnosis at higher rates compared to the State overall. (See pages 35-37)

As compared to the State overall, Cumberland County exhibits higher cancer mortality rates. (See pages 35-36)

In recent years both hospice admissions and days of care have increased in Cumberland County. (See pages 39-40)

Traveling out of county to existing hospice inpatient facilities is expensive, time-consuming, and disruptive for Cumberland County residents to both the patients and the family members. (See pages 38-39)

The proposed project is supported by area hospice agencies. (See page 41)

The information is reasonable and adequately supported based on the application, exhibits to the application and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for eight inpatient hospice beds for Cumberland County in the 2023 SMFP.
- The applicant documents a projected 2.5% increase in the 65+ age cohort for Cumberland County over the next four years based on the North Carolina Office of Budget and Management (NCOBM) data.
- Based on the NC Central Cancer Registry Cumberland County residents are projected to have a higher mortality rate from cancer than the State of North Carolina overall.
- There are no inpatient hospice beds, either existing or approved, in Cumberland County with the closest three facilities from Fayetteville being between 35 and 54 minutes away in drive time.
- The applicant documents that over the last three years hospice utilization admissions in Cumberland County have grown at a compound annual growth rate (CAGR) of 4.7% and hospice days of care in Cumberland County have grown at a CAGR of 7.5%.
- The applicant documents CFVMC patients that had to wait for placement in an inpatient hospice bed.
- Letters of support from hospice agencies for the proposed project. See Exhibit 1.2.

Projected Utilization

In Section Q, the applicant provides projected utilization, as illustrated in the following table.

CFVMC Hospice Inpatient Beds- Projected Utilization

	1st Full FY (10/1/2024- 9/30/2025)	2nd Full FY (10/1/2025- 9/30/2026)	3rd Full FY (10/1/2026- 9/30/2027)
# of Beds	8	8	8
# of Patients Served	323	363	406
Average Length of Stay	5	5	5
Days of Care	1,615	1,814	2,028
% Occupancy*	55.3%	62.1%	69.4%

*365 x 8 beds = 2920: Days of Care / 2920

In Section Q, pages 101-104, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

Utilization of hospice inpatient days of care is based on the federal fiscal year (FY) of October 1st – September 30th.

The service area for the proposed project is Cumberland County. However, due to the absence of hospice inpatient services in adjacent counties in addition to serving patient from Cumberland County, the applicant also anticipates serving patients from Bladen, Harnett, Hoke, and Sampson counties.

Step #1: Project Overall Hospice Admissions for the Counties to be Served. [page 101]

	Actual	Projected based on Statewide Two-Year Trailing Average Growth Rate of 4.7%				
	FY2021	FY2023	FY2024	FY2025	FY2026	FY2027
Cumberland	1,119	1,227	1,284	1,345	1,408	1,474
Bladen	210	230	241	252	264	277
Harnett	505	554	580	607	635	665
Hoke	160	175	184	192	201	211
Sampson	241	264	277	290	303	317

Step #2: Project Overall Hospice Days of Care for the Counties to be Served. [page 102]

Projected based on Statewide Median ALOS of 75 days					
	FY2023	FY2024	FY2025	FY2026	FY2027
Cumberland	91,999	96,323	100,851	105,590	110,553
Bladen	17,265	18,077	18,926	19,816	20,247
Harnett	41,519	43,470	45,513	47,653	49,892
Hoke	13,155	13,773	14,420	15,098	15,807
Sampson	19,814	20,745	21,720	22,741	23,810

Step #3: Project Overall Demand for Hospice Inpatient Days of Care for the Counties to be Served [page 102]

Projected Based on Two-Year Trailing Average Statewide Inpatient Utilization Rate of 2.3%					
	FY2023	FY2024	FY2025	FY2026	FY2027
Cumberland	2,139	2,239	2,345	2,455	2,570
Bladen	401	420	440	461	482
Harnett	965	1,011	1,058	1,108	1,160
Hoke	306	320	335	351	368
Sampson	461	482	505	529	554

Step #4: *Project CFVMC’s Market Share of the Overall Projected Hospice Inpatient Days of Care for the Counties to be Served* [page 103]

	FY2025	FY2026	FY2027
Cumberland	50.0%	55.0%	60.0%
Bladen	10.0%	10.0%	10.0%
Harnett	25.0%	25.0%	25.0%
Hoke	25.0%	25.0%	25.0%
Sampson	10.0%	10.0%	10.0%

Step #5: *Project CFVMC’s Hospice Inpatient Days of Care and Patients* [pages 103-104]

CVFMC: Projected Hospice Inpatient Days of Care and Patients

	FY2025	FY2026	FY2027
Cumberland	1,172	1,350	1,542
Bladen	44	46	48
Harnett	265	277	290
Hoke	84	88	92
Sampson	50	53	55
Total Days of Care	1,615	1,814	2,028
% Occupancy*	55.3%	62.1%	69.4%
ALOS**	5 days	5 days	5 days
Total Patient Served***	323	363	406

*8 hospice inpatient beds X 365 days = 2,920: Days of Care/ 2,920 = Occupancy

**CFVMC based its projected Average Length of Stay (ALOS) on its historical experience serving hospice patients utilizing its acute care beds.

***Total Days of Care / ALOS= Patients Served

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination for eight inpatient hospice beds for Cumberland County in the 2023 SMFP.
- The applicant projects utilization of the facility’s hospice inpatient beds based on historical utilization of hospice admissions in the counties projected to be served and then grown at 4.7% based on the statewide two-year trailing average growth rate; hospice days of care

calculated using the Statewide Median ALOS; hospice inpatient days of care based on the two-year trailing average Statewide inpatient utilization rate; and a conservative estimate of market share given that there are no existing or approved hospice inpatient beds in any of the counties from which the applicant projects patient origin.

- The applicant documents a projected 2.5% increase in the 65+ age cohort for Cumberland County over the next four years based on the North Carolina Office of Budget and Management (NCOBM) data.
- The applicant documents that over the last three years hospice utilization admissions in Cumberland County have grown at a compound annual growth rate (CAGR) of 4.7% and hospice days of care in Cumberland County have grown at a CAGR of 7.5%.
- The applicant relied on ALOS based on its historical experience in serving hospice patients in its existing acute care beds.
- Projected market share and utilization is reasonable based on the letters of support from area hospice agencies expressing support for the proposed project (see Exhibit I.2) and the overall data found in the application.

Access to Medically Underserved Groups

In Section C, page 46, the applicant states:

“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to the proposed hospice inpatient services, as clinically appropriate. CFVHS does not and will not discriminate based on race, ethnicity, age, gender, or disability. Policies to provide access by low-income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibits C.6 and L.4.”

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	25.3%
Racial and ethnic minorities*	48.9%
Women	50.4%
Persons with Disabilities*	
Persons 65 and older	42.6%
Medicare beneficiaries	42.6%
Medicaid recipients	25.3%

Source: Section C, page 47.

*CFVHS does not maintain data regarding the number of disabled persons it serves.

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

Conclusion

The Agency reviewed the:

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

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

CA

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In Section E, pages 58-59, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo*- The applicant states that maintaining the status quo would not meet the need for eight inpatient hospice beds for Cumberland County in the 2023 SMFP. Further, there are no other hospice inpatient beds in Cumberland County and patients must either travel out of county or be admitted to either a hospital or nursing facility neither of which provide a home-like setting. Therefore, the applicant states the this is not the most effective alternative.
- *Develop Hospice Inpatient Beds in Another Location*- The applicant owns the location where it proposes to develop the hospice inpatient beds. The property and building were once operated as a hospice inpatient facility and thus requires minimal capital costs. The applicant states that it considered other locations however all other locations were either more costly or less effective alternatives.

- *Develop a Different Complement of Beds-* Based on the need determination in the 2023 SMFP for eight hospice inpatient beds in Cumberland County, review of historical hospice utilization and discussions with area hospice providers the applicant determined that an alternative to develop fewer than eight hospice inpatient beds was not the most effective alternative.

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

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. Cumberland County Hospital System, 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 8 hospice inpatient beds pursuant to the need determination in the 2023 SMFP.**
- 3. Upon completion of the project Cape Fear Valley Medical Center shall be licensed for no more than 8 hospice inpatient 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. **The first progress report shall be due on October 1, 2023.**
 5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 6. **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.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 105, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$200,000
Miscellaneous Costs	\$790,000
Total	\$990,000

In Section Q, Form F.1a Capital Cost Assumptions, page 111, and Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant states that costs for medical equipment, non-medical equipment, furniture are based on its experience developing similar projects.
- In Exhibit F.1, the applicants provide a letter from a registered architect certifying the construction costs of \$200,000.

In Section F.3, page 63, the applicant projects that start-up costs will be \$60,000 and initial operating expenses will be \$59,289 for a total working capital of \$119,289. On pages 63-64, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F.2, page 61, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Cumberland County Hospital System, Inc.	Total
Loans		\$0
Cash and Cash Equivalents, Accumulated reserves or OE *		\$990,000
Bonds		\$0
Other (Specify)		\$0
Total Financing		\$990,000

* OE = Owner’s Equity

In Section F.3, page 54, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital: Cumberland County Hospital System, Inc.	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$119,289
Lines of credit	\$0
Bonds	\$0
Total *	\$119,289

In Exhibit F.2, the applicant provides a letter dated January 31, 2023, from the Chief Financial Officer of Cape Fear Valley Health System confirming that the applicant is willing to commit the necessary funds to cover both the projected capital costs and working capital costs for the proposed project. The Chief Financial Officer also states that these funds are available in accumulated reserves.

Exhibit F.2 also contains a copy of the audited financials of Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Health System showing cash and cash equivalents of \$166.4 million as of September 30, 2022.

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

- The applicant provides documentation of the commitment to use the necessary funding toward development of the proposed project.
- The applicant provides documentation of the availability of sufficient financial resources to fund the proposed changes to capital and working capital costs.

Financial Feasibility

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

CFVMC Hospice Inpatient Beds

	1st Full Fiscal Year (10/1/2024- 9/30/2025)	2nd Full Fiscal Year (10/1/2025- 9/30/2026)	3rd Full Fiscal Year (10/1/2026- 9/30/2027)
Total Patient Days	1,615	1,814	2,028
Total Gross Revenues (Charges)	\$1,794,088	\$2,075,192	\$2,389,349
Total Net Revenue	\$1,498,064	\$1,732,786	\$1,995,106
Average Net Revenue per Patient Days	\$928	\$955	\$984
Total Operating Expenses (Costs)	\$1,557,353	\$1,626,658	\$1,700,846
Average Operating Expense per Patient Days	\$964	\$897	\$839
Net Income	(\$59,289)	\$106,127	\$294,2600

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

- The applicant accounts for projected operating expenses and income, such as salaries and charges, consistent with projections elsewhere in the proformas.
- The applicant provides detailed assumptions for revenues, net income, expenses including staffing projections in Section Q, pages 111-113 of the application.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In Chapter 13, page 251, the 2022 SMFP defines the service area for hospice inpatient services as *“the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.”* The eight inpatient hospice beds are proposed to be located in Cumberland County; thus, the service area is Cumberland County. Facilities may serve residents of counties not included in their service area.

There are no existing or approved health service facilities located in Cumberland County that operate or have been approved to operate licensed hospice inpatient beds.

In Section G, page 71, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved NF bed services in Cumberland County. The applicant states:

“The proposed project will not result in unnecessary duplication of existing facilities in Cumberland County. There are no existing or approved health service facilities located in Cumberland County that operate license hospice inpatient beds.”

The 2023 SMFP identifies a need for eight hospice inpatient beds in Cumberland County.”

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 are currently no existing or approved hospice inpatient beds in Cumberland County.
- The 2023 SMFP identifies a need for 8 hospice inpatient beds in Cumberland County.

Conclusion

The Agency reviewed the:

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

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

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

Position	Projected FTE Staff		
	1 st FY (FY 2025)	2 nd FY (FY 2026)	3 rd FY (FY 2027)
Registered Nurses	4.2	4.2	4.2
Certified Nurse Aides/Nursing Assistants	8.4	8.4	8.4
Social Workers	0.5	0.5	0.5
Facility Director	1.0	1.0	1.0
Patient Care Coordinator	0.5	0.5	0.5
Chaplain/Spiritual Care Counselor	0.5	0.5	0.5
Clerical	1.0	1.0	1.0
Housekeeping	1.0	1.0	1.0
Total	17.1	17.1	17.1

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 72-73, the applicant describes the methods to be used to recruit or fill new positions and its proposed 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 states that nurse FTE are based on a ratio of six patients per nurse and nurse aid staff are based on a ratio of three patients per aide.
- In the Form H Assumptions, page 113 of the application, the applicant states that clinical staff positions assume 24-hour coverage consisting of three 8-hour shifts.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

Ancillary and Support Services

In Section I, page 74, the applicant identifies the necessary ancillary and support services for the proposed services. On page 74, the applicant explains how each ancillary and support service is or will be made available.

Coordination

In Section I, page 75, the applicant describes its efforts to develop 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:

- CFVMC is an existing hospital with extensive existing relationships with other local health care and social service providers.
- The applicant provides letters from other local health care providers for the proposed project in Exhibit I.2.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

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

NA

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

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

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In Section K, page 78, the applicant states that the project involves renovating 6,000 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 80-81, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. The site appears to be suitable for the proposed hospice inpatient facility based on the applicant's representations and the fact that the site had previously been used for the same purpose.

On page 79, 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 proposed project will be located in an existing facility and require minimal renovation costs.
- The applicant states that the architect for the proposed project based the cost estimates on experience designing and constructing similar projects, a detailed review of the project, and published construction cost data.
- The construction costs are justified based on the architect's costs estimates in Exhibit F.1.

On page 79, 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 that charges and projected reimbursement are established by Medicare, Medicaid and/or existing private payor contracts. Thus, the proposed project will not have any impact on costs and charges to the public.
- Further, the applicant determined that the costs to be incurred to develop and operate the project are *"necessary and appropriate to enhance acute care access for patients in the area."*

On page 79, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit F.1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 82, the applicant provides the historical payor mix during for the last full fiscal year (10/1/2021 to 9/30/2022) for total services at CFVMC, as shown in the table below.

Payor Category	Percent of Total Patients Served
Self-Pay	6.3%
Charity Care	0.6%
Medicare*	41.4%
Medicaid*	26.6%
Insurance*	14.7%
Workers Compensation	0.2%
TRICARE	5.3%
Other (VA)	4.8%
Total	100.0%

Source: Table on page 82.

*Including any managed care plans.

In Section L, page 83, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	59.6%	50.4%
Male	40.4%	49.6%
Unknown		
64 and Younger	62.8%	87.8%
65 and Older	37.2%	12.2%
American Indian	2.6%	1.9%
Asian	1.1%	2.7%
Black or African American	44.1%	39.1%
Native Hawaiian or Pacific Islander	0.5%	0.4%
White or Caucasian	42.8%	51.1%
Other Race	7.7%	4.8%
Declined / Unavailable	1.2%	

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 83, the applicant states that CFVHS is under no obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons.

In Section L, page 84, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed in North Carolina against this facility.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, page 84, the applicant projects the following payor mix for total services during for the third full fiscal year (10/1/2026 to 9/30/2027) for CFVMC, as shown in the table below.

Payor Category	Percent of Total Patients Served
Self-Pay	6.3%
Charity Care	0.6%
Medicare*	41.4%
Medicaid*	26.6%
Insurance*	14.7%
Workers Compensation	0.2%
TRICARE	5.3%
Other (VA)	4.8%
Total	100.0%

Source: Table on page 84.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.3% of total services will be provided to self-pay patients, that 0.6% to charity care patients, 41.4% to Medicare patients and 26.6% to Medicaid patients.

In Section L, page 85, the applicant projects the following payor mix for the proposed hospice inpatient services during for the third full fiscal year (10/1/2026 to 9/30/2027) for CFVMC, as shown in the table below.

Payor Category	Percent of Total Patients Served
Self-Pay	
Charity Care	
Medicare*	
Medicaid*	
Insurance*	
Workers Compensation	
TRICARE	
Other (contractual agreements with hospice agencies)	100.0%
Total	100.0%

Source: Table on page 85.

*Including any managed care plans.

On pages 85-86, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- CFVMC currently contracts with the area Medicare-certified, licensed hospice agencies for the provision of hospice inpatient services in its licensed acute care beds. CFVMC charges the hospice agency a per diem rate for each hospice inpatient day of care provided in its licensed acute care beds. The hospice agency submits claims to Medicare, Medicaid, or private insurance. Upon project completion CFVMC will extend the same contractual relationships with area hospice agencies for the provision of hospice inpatient services in the hospice inpatient beds.
- For information purposes on pages 85-86 of the application the applicant provided the payor mix for Cape Fear Valley Hospice and Palliative Care for FY2022 showing payor sources including Medicare (92.8%) and Medicaid (3.8%).

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

In Section L, page 87, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In M, pages 88-90, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- Existing relationships with Campbell University Jerry M. Wallace School of Osteopathic Medicine; Fayetteville State University; Fayetteville Technical Community College; and Pitt Community College.
- The applicant provided an extensive list of additional professional training programs with which it is affiliated on pages 89-90 of the application; and
- The applicant provided a sample education agreement in Exhibit M.1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In Chapter 13, page 251, the 2022 SMFP defines the service area for hospice inpatient services as *“the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.”* The eight inpatient hospice beds are proposed to be in Cumberland County; thus, the service area is Cumberland County. Facilities may serve residents of counties not included in their service area.

There are no existing or approved health service facilities located in Cumberland County that operate or have been approved to operate licensed hospice inpatient beds.

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

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

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

“Hospice inpatient care ... can be a cost-effective approach to end-of-life care because it reduces hospitalizations. By offering an inpatient level of care in a homelike environment, hospice helps to reduce the number of unnecessary acute care hospitalizations ...

This project will not affect the cost to patients or payors for the services provided by CFVMC because hospice reimbursement rates are set by the federal government and commercial insurers.”

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

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

“CFVMC adheres to external quality standards. ... The project will also be held to the same quality standards as existing CFVMC services.”

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

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

“CFVMC will not discriminate in the provision of services on the basis of age, race, religion, disability, or the patient’s ability to pay. ... CFVMC’s existing policies on Charity Care, Uninsured Discount, Catastrophic Discount & Payment Plan will continue to be applicable upon the completion of the proposed project.”

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

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

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

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes to develop eight hospice inpatient beds at CFVMC pursuant to the need determination in the 2023 SMFP.

In Section Q, Form O, page 110, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of four of this type of facility located in North Carolina.

In Section O, page 96, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in one of these facilities. CFVMC was issued a finding of immediate jeopardy on February 4, 2022. The applicant states that all the problems have been corrected. The applicant states on page 96 of the application *“Upon submission of the plan of correction the immediate jeopardy designation was lifted. Upon a recertification visit conducted on February 22-24, 2022, CMS surveyors found CFVHS to be in full compliance with its plan of correction.”* According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in two of these facilities and both facilities 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 four facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

C

The application is conforming with all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities as promulgated in 10A NCAC 14C .4000. The specific criteria are discussed below.

14C .4003 PERFORMANCE STANDARDS

(a) An applicant proposing to develop new HI beds pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

(1) provide projected utilization of all existing approved, and proposed HI beds on the license during each of the first three full fiscal years of operation following completion of the project;

-C- In Section Q, page 100, the applicant provides projected utilization of all existing, approved

and proposed HI beds on the license during each of the first three full fiscal years of operation following completion of the project.

(2) document that the occupancy rate for all existing, approved, and proposed HI beds on the license shall be at least 65 percent during the third full fiscal year of operation following completion of the project; and

-C- In Section Q, pages 100-104, the applicant documents that the occupancy rate for all existing, approved and proposed HI beds on the license shall be 69.4% percent during the third full fiscal year following completion of the project which exceeds 65.0% are required by the Rule.

(3) provide the assumptions and methodology used to provide the projected utilization and occupancy rate required by Subparagraphs (1) and (2) of this Paragraph.

-C- In Section Q, pages 101-104, the applicant provides the assumptions and methodology used to provide projected utilization of all existing, approved and proposed HI beds on the license during each of the first three full fiscal years of operation following completion of the project.

(b) An applicant proposing to develop new HR beds shall:

(1) provide projected utilization of all existing, approved, and proposed HR beds on the license during each of the first three full fiscal years of operation following completion of the project;

-NA- The application is not proposing to add new hospice residential beds.

(2) document that the occupancy rate for all existing, approved, and proposed HR beds on the license shall be at least 65 percent during the third full fiscal year of operation following completion of the project; and

-NA- The application is not proposing to add new hospice residential beds.

(3) provide the assumptions and methodology used to provide the projected utilization and occupancy rate required by Subparagraphs (1) and (2) of this Paragraph.

-NA- The application is not proposing to add new hospice residential beds.