

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: June 29, 2023

Findings Date: June 29, 2023

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

Project ID #: M-12332-23

Facility: Cape Fear Valley Medical Center

FID #: 943057

County: Cumberland

Applicant: Cumberland County Hospital System, Inc.

Project: Develop no more than 18 acute care beds pursuant to the need determination in the 2023 SMFP for a total of no more than 636 beds upon project completion, including 44 neonatal intensive care units (NICU) beds, upon completion of this project, Project ID# M-12178-22 (add 29 AC beds pursuant to a 2022 SMFP Need Determination) and Project ID# M-8689-11 (add 65 AC beds pursuant to a 2011 Need Determination).

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

Cumberland County Hospital System, Inc. (hereinafter “CCHS” or “the applicant”) includes Cape Fear Valley Health System, a not-for-profit corporation that operates several acute care hospitals, including Cape Fear Valley Medical Center (CFVMC) in Fayetteville. The applicant proposes to add 18 acute care (AC) beds at CFVMC pursuant to an adjusted need determination in the 2023 State Medical Facilities Plan (SMFP) for a total of 636 AC beds, including 44 neonatal intensive care units (NICU) beds, upon completion of this project, Project ID# M-

12178-22 (add 29 AC beds pursuant to a 2022 SMFP Need Determination) and Project ID# M-8689-11 (add 65 AC beds pursuant to a 2011 Need Determination).

Need Determination

Chapter 5 of the 2023 SMFP includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Table 5B on page 44 of the 2023 SMFP includes an acute care bed adjusted need determination for 20 additional acute care beds in the Cumberland County service area. The 2023 SMFP, on pages 34-35, states:

“A person who proposes to operate the additional acute care beds in a hospital must show that the hospital 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 major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services listed below: ...” [as listed on pages 34-45 of the 2023 SMFP]*

CFVMC is an existing acute care hospital that meets all of these qualifications. See also Section B.1, page 24, and Exhibit B-1. Therefore, based on the information provided by the applicant, the applicant is qualified to apply for a certificate of need to develop the acute care beds.

The applicant does not propose to develop more new acute care beds than are determined to be needed in the 2023 SMFP for the Cumberland County service area. Therefore, the application is consistent with the need determination.

Policies

There are two policies in the 2023 SMFP applicable to this review: Policy GEN-3: *Basic Principles*, and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*.

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.”

In Section B, pages 27-28, the applicant explains why it believes its application is conforming to Policy GEN-3.

Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2023 SMFP, states:

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

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

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

The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 38, the applicant provides a written statement describing the project’s plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

Conclusion

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care 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 acute care bed services in Cumberland County; and
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Cumberland County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

Patient Origin

On page 31, the 2023 SMFP defines the service area for acute care hospital beds as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cumberland County as its own acute care bed service area. CFVMC is in Cumberland County. Thus, the service area for this application is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin of acute care discharges. Note: The acute care discharges, historical or projected, do not include NICU as in the 2023 SMFP NICU beds have been removed from the acute care bed need methodology.

CFVMC: Acute Care Discharges (excluding NICU)

County	Historical FY2022 (10/1/2021 – 9/30/2022)		Third Full FY of Operation following Project Completion FY2027 (10/1/2026 – 9/30/2027)	
	Patients	% of Total	Patients	% of Total
Cumberland	21,857	72.1%	23,790	72.1%
Harnett	1,988	6.6%	2,164	6.6%
Robeson	1,867	6.2%	2,032	6.2%
Hoke	1,198	4.0%	1,304	4.0%
Sampson	1,028	3.4%	1,119	3.4%
Bladen	1,085	3.6%	1,181	3.5%
Other*	1,290	4.3%	1,404	4.2%
Total	30,313	100.0%	32,994	100.0%

Source: Pages 33 and 36 of the application.

*Other includes <1 percent patient origin of the remaining counties in NC and other states.

In Section C, page 35, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because the are based on CFVMC’s historical patient origin from FY2022 for acute care services.

Analysis of Need

In Section C.4, pages 38-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Need determination in the 2023 SMFP for 20 acute care beds in the Cumberland County acute care bed service area. (See page 39)
- CFVMC’s growing inpatient volumes (See pages 40-41)
- The increasing length of stay and acuity at CFVMC (See pages 41-47)
- CFVMC’s status as a Teaching Hospital and Rural Referral Center (See page 48)
- Projected population growth in CFVMC’s service area (See pages 48-51)
- Projected aging of the population in CFVMC’s service area (See pages 50-51)

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

- The applicant is the only hospital provider of acute care services in Cumberland County. The applicant’s historical growth in utilization created the current need determination for 20 additional acute care beds in the 2023 SMFP for the Cumberland County Acute Care Bed Service Area.
- The applicant uses clearly cited and reasonable historical and demographic data from the North Carolina Office of State Budget & Management (NCOSBM) to identify the

population to be served, its projected growth, the aging of the population in the service area and the need the identified population has for the proposed services.

- The applicant reasonably identified the increasing acuity levels and the associated increasing length of stays at CFVMC.
- Letters of support for the proposed project. See Exhibit I.2.

Projected Utilization

Background

The project analyst notes that NICU beds are excluded from the need methodology for acute care beds in the 2023 SMFP. Therefore, NICU beds and NICU patient days are not part of the projected utilization or compliance with the performance rules in 10A NCAC 14C .3803. The assumptions and methodology summarized below does not include either NICU beds or NICU patient days. CVFMC has 44 NICU beds.

The following table shows total existing and projected licensed acute care beds at CFVMC less the 44 NICU beds.

Licensed Acute Care Beds at CFVMC

	Last Historical	Interim	Interim	YR1	YR2	YR3
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
CFVMC	500*	500	500	592**	592	592
NICU Beds	44	44	44	44	44	44
Total with NICU Beds	544	544	544	636	636	636
Total <u>without</u> NICU Beds	500	500	500	592	592	592

Note: Years are Fiscal Years (FY) 10/1/___ - 9/30/___.

Source: Section Q of the application.

* CFVMC developed 20 of the 65 AC beds from Project ID# M-8689-11 in March of 2022.

**The increase of 92 AC beds from FY2024 to FY2025 Includes the remaining 45 AC beds from Project ID# M-8689-11; the 29 AC beds from Project ID# M-12178-22; and the 18 AC beds from this application under review.

Utilization

In Section Q, Form C, the applicant provides historical, interim, and projected utilization for CFVMC for the first three project years, as illustrated in the following tables.

CFVMC: Historical and Interim

	Last FFY FY2022	Interim FFY FY2023	Interim FFY FY2024
	10/1/2021-9/30/2022	10/1/2022-9/30/2023	10/1/2023-9/30/2024
# of Beds	500	500	500
# Discharges	30,313	30,374	30,441
# of Patient Days	160,403	161,114	161,839
ALOS	5.29	5.29	5.29
ADC	440	441	443
Occupancy Rate	87.9%	88.3%	88.7%

Source: Section Q, Form C.1a.

ALOS = Average Length of Stay

ADC = Patient Days/365.

Occupancy Rate = ADC/# of Beds.

CFVMC: Projected First Three Years

	OY1 1st Full FY2025	OY2 2nd Full FY2026	OY3 3rd Full FY2027
	10/1/2024-9/30/2025	10/1/2025-9/30/2026	10/1/2026-9/30/2027
# of Beds	592	592	592
# Discharges	31,262	32,113	32,994
# of Patient Days	166,694	171,695	176,845
ALOS	5.33	5.33	5.33
ADC	457	470	485
Occupancy Rate	77.1%	79.5%	81.8%

Source: Section Q, Form C.1b.

ALOS = Average Length of Stay

ADC = Patient Days/365.

Occupancy Rate = ADC/# of Beds.

In Section Q, Form C.1a and Form C.1b Assumptions and Methodology, pages 111-114, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step #1) Review Historical Inpatient Utilization at CFVMC (see pages 111-112 of the application)

*From FY2014-FY2019 (Pre-COVID), acute care discharges (excluding NICU) increased by a compound annual growth rate (CAGR) of 3.6% or 19.4% in total.

*In FY2020, CFVMC had an occupancy rate (excluding NICU) of 87.7%.

*In FY2021, CFVMC maintained an average daily census (excluding NICU) of 480, which equates to an occupancy rate of 92.0% during FY2021.

*CFVMC developed 20 of the 65 AC beds from Project ID# M-8689-11 in March of 2022. Despite the addition of 20 AC beds utilization at CFVMC for FY2022 (excluding NICU) was 87.9%.

The applicant notes that as ALOS increases, the number of discharges CFVMC can accommodate becomes increasingly constrained. Therefore, CFVMC’s acute days of care have increased post-COVID, while discharges had decreased.

Step #2) Project Inpatient Utilization at CFVMC during the Interim Years (see pages 112-113 of the application)

CFVMC Acute Days of Care (excluding NICU) for FY2019-FY2022 (Historical)

	FY2019	FY2020	FY2021	FY2022	3-YR CAGR
NICU Days	11,131	10,281	9,988	9,339	-5.70%
ICU Days	20,140	20,672	22,391	21,701	2.50%
All other Acute Care Days*	138,211	132,947	138,866	138,702	0.10%
Total Acute Care Days	169,482	163,900	171,245	169,742	0.10%
Total (excluding NICU)	158,351	153,619	161,257	160,403	0.43%

*Excludes NICU, Normal Newborn, Psych, Rehab and Substance Abuse.

CFVMC Acute Days of Care (excluding NICU) for FY2023-FY2024 (Interim)

	FY2023	FY2024	Annual Growth Rate
NICU Days	8,808	8,308	-5.70%
ICU Days	22,248	22,808	2.50%
All other Acute Care Days*	138,866	139,030	0.10%
Total Acute Care Days	169,922	170,146	0.10%
Total (excluding NICU)	161,114	161,838	0.44%

*Excludes NICU, Normal Newborn, Psych, Rehab and Substance Abuse.

*Reflects development of 20 of the 65 approved acute care beds per Project ID# M-8689-11.

The development of the additional 20 AC beds in March 2022 enabled some additional capacity to accommodate incremental growth of acute care days. Further, the applicant notes that the number of patient transfer request cancellations to CFVMC has increased dramatically during the last two years. In FY2022, there were over 2,000 (See Section C.4, page 44.)

Step #3) Project Inpatient Utilization at CFVMC during the First Three Project Years (see pages 113-114 of the application)

CFVMC Acute Days of Care (excluding NICU) for FY2025-FY2027 (Projected)

	FY2025	FY2026	FY2027	Annual Growth Rate
NICU Days	7,835	7,390	6,970	-5.70%
ICU Days	23,493	24,197	24,923	2.50%
All other Acute Care Days*	143,201	147,497	151,922	0.10%
Total Acute Care Days	174,529	179,085	183,816	0.10%
Total (excluding NICU)	166,694	171,695	176,846	3.00%

*Excludes NICU, Normal Newborn, Psych, Rehab and Substance Abuse.

*Reflects development of 20 of the 65 approved acute care beds per Project ID# M-8689-11.

The applicant assumed a 3.0% growth rate for non-NICU acute days of care for the first three project years.

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

- The applicant is the only hospital provider of acute care services in Cumberland County. The applicant's historical growth in utilization created the current need determination for 20 additional acute care beds in the 2023 SMFP for the Cumberland County Acute Care Bed Service Area.
- The overall population and the 65+ age cohort of the population in both the primary and secondary service areas are projected to increase according to the NCOSBM.
- For the first three project years the applicant applied a growth rate of 3.0% which was lower than the historical 3.9% growth rate at CFVMC.
- In the last full year with historical data (FY2022) the occupancy rate CFVMC was 87.9% which exceeds the performance standard of 78.0% utilization as promulgated in 10A NCAC 14C .3803.
- The applicant states that in FY2022 over 2,000 patient transfer requests to CFVMC were cancelled due to acute care bed capacity constraints.
- Letters of support for the proposed project. See Exhibit I.2.
- In the third year after project completion, the applicant projects utilization of 81.8% of the acute care beds at CFVMC exceeds the performance standard of 78.0% utilization as promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, page 57, 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 CFVMC's acute care 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 58.

*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 add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

In Section E.1, pages 68-69, 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 that maintaining the status quo is not acceptable because it would fail to meet the acute care demands at CFVMC. Therefore, the applicant found this to be a less effective alternative.

Develop 18 Acute Care Beds at Cape Fear North: The applicant states that developing the acute care beds at Cape Fear North is not the most effective alternative because after Cape Fear North was approved CFVMC began managing Harnett Health which has two hospital campuses. This has altered the acute care bed landscape given the location of Cape Fear North on the same main traffic corridor between CFVMC and the two Harnett Health hospital campuses. Cape Fear North was originally approved for 65 acute care beds which are now going to be developed at CFVMC since the acquisition of Harnett Health. Further, development of acute care beds at Cape Fear North would be significantly more costly. Therefore, the applicant found this to be a less effective alternative and not the least costly alternative.

Convery Highsmith Rainey Specialty Hospital back to an Acute Care Hospital: The applicant states that converting this facility back to an acute care facility would require the construction of space for, and relocation of, the LTACH beds. This would be more costly than the project as proposed. The applicant determined that this alternative was not the most effective or least costly of the alternatives.

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 statutory and regulatory review criteria.

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 add no more than 18 acute care beds to the Cape Fear Valley Medical Center.**
 3. **Upon completion of this project, Project ID# M-12178-22 (Add 29 AC beds) and Project ID# M-8689-11 (Add 65 AC beds) Cape Fear Valley Medical Center shall be licensed for no more than 636 acute care beds, including 44 NICU beds.**
 4. **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.**
 5. **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 May 1, 2024.**
 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 acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

Capital and Working Capital Costs

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

Site Costs	\$0
Construction Costs	\$17,225,000
Miscellaneous Costs	\$9,890,350
Total	\$27,115,350

The applicant provides its assumptions and methodology for projecting capital cost in Section Q and Exhibits F.1 and K.2. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based the information provided in Section F.1, page 68, Section Q Form F.1a, Form F.1a-Capital Cost Assumptions and Exhibit F.1.

In Section F.3, pages 72, the applicant states that there will be no start-up costs or initial operating expenses as CFVMC is an existing hospital with existing acute care services.

Availability of Funds

In Section F.2, page 70, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	<i>Cumberland County Hospital System, Inc.</i>	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$27,115,350	\$27,115,350
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$27,115,350	\$27,115,350

* OE = Owner's Equity

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 (FFY's) of operation following completion of the project. In Form F.2b, the applicant projects for acute care services at CVFMC, that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

	1st Full Fiscal Year (FY2025)	2nd Full Fiscal Year (FY2026)	3rd Full Fiscal Year (FY2027)
Total Patient Days	174,529	179,085	183,816
Total Gross Revenues (Charges)	\$1,570,694,000	\$1,651,984,000	\$1,738,015,000
Total Net Revenue	\$424,245,000	\$442,897,000	\$463,355,000
Average Net Revenue per Patient Day	\$2,431	\$2,473	\$2,521
Total Operating Expenses (Costs)	\$420,712,000	\$437,770,000	\$455,636,000
Average Operating Expense per Patient Day	\$2,411	\$2,445	\$2,479
Net Income	\$3,533,000	\$5,127,000	\$7,719,000

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

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.

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

C

The applicant proposes to add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

On page 31, the 2023 SMFP defines the service area for acute care hospital beds as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cumberland County as its own acute care bed service area. CFVMC is in Cumberland County. Thus, the service area for this application is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The applicant is the only provider of acute care beds in Cumberland County.

New Hanover County Acute Care Beds	
Facility	Existing/Approved Beds
Cape Fear Valley Medical Center*	574
Cumberland County Total	574

Source: Table 5A, 2023 SMFP and approved applications.

*CFVMC has 480 existing AC beds and 94 approved, but undeveloped, AC beds for a total of 574 AC beds. A certificate issued on June 15, 2012, for Project ID #M-8689-11. (Add 65 AC beds). A certificate issued on June 25, 2022, for Project ID #M-12178-22 (Add 29 AC beds).

Note: The project analyst notes that CFVMC has 44 NICU beds. NICU beds are not included as part of the planning inventory for acute care beds in the 2023 SMFP.

In Section G, page 78, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Cumberland County. The applicant states:

“The acute care bed service area is Cumberland County. CFVMC is the only licensed acute care facility located in Cumberland County. ... The robust growth of inpatient acute care services and high level of utilization at CFVMC supports the need to develop additional acute care bed capacity. The proposed project is needed to expand access to CFVMC’s well-utilized acute care services. ... CFVMC demonstrates the need the population has for the proposed project based on demographic data specific to the service area, historical CFVMC acute care utilization, and qualitative benefits.”

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

- The 2023 SMFP identifies a need for 20 acute care beds in Cumberland County and the applicant proposes developing 18 acute care beds.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care 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 add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

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

Position	Current FTE Staff	Projected FTE Staff
	(1/1/2022)	2nd Full Fiscal Year (10/1/2026 – 9/30/2027)
Chief Executive Nursing Officer	1.0	1.0
Chief Nursing Officer	1.0	1.0
Patient Care Manager	24.0	25.6
Resource RN	67.2	71.7
Clinical Educator	15.8	16.9
RN	649.5	692.9
LPN	42.1	44.9
CNAs/Nursing Assistants	269.5	287.5
Sitter	3.7	3.9
Monitor Techs	55.0	58.7
Department Secretary	3.2	3.4
Unit Secretary	44.7	47.7
Service Line Director	3.0	3.2
Nursing Supervisor	4.7	5.0
TOTAL	1,184	1,263

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 80-81, 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 CFVMC's historical (FY2022) staffing for inpatient services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

Ancillary and Support Services

In Section I, page 82, the applicant identifies the necessary ancillary and support services for the proposed services. On page 82, the applicant explains how each ancillary and support service is or will be made available.

Coordination

In Section I, page 83, 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 add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

In Section K, page 86, the applicant states that the project involves constructing 5,760 square feet of new space. Line drawings are provided in Exhibit K.2.

On page 87, 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 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 87, 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 87, 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 91, the applicant provides the historical payor mix during for the last full fiscal year (10/1/2021 to 9/30/2022) for acute care discharges at CFVMC, as shown in the table below.

Payor Category	Percent of Total Patients Served
Self-Pay	6.4%
Charity Care	0.6%
Medicare*	42.6%
Medicaid*	25.3%
Insurance*	14.8%
Workers Compensation	0.2%
TRICARE	5.2%
Other (VA)	5.0%
Total	100.0%

Source: Table on page 91.

*Including any managed care plans.

In Section L, page 91, 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 92, 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 93, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed 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 93, the applicant projects the following payor mix for acute care discharges 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	6.4%
Charity Care	0.6%
Medicare*	42.6%
Medicaid*	25.3%
Insurance*	14.8%
Workers Compensation	0.2%
TRICARE	5.2%
Other (VA)	5.0%
Total	100.0%

Source: Table on page 93.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.4% of acute care discharges will be provided to self-pay patients, that 0.6% to charity care patients, 42.6% to Medicare patients and 25.3% to Medicaid patients.

On page 93, 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 because it is based on the historical payor mix for acute care discharges at CFVMC for FY2022.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 95, 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 add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

In Section M, pages 96-99, 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 97-98 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 add 18 AC beds at CFVMC in Fayetteville pursuant to the adjusted need determination in the 2023 SMFP for 20 AC beds in Cumberland County.

On page 31, the 2023 SMFP defines the service area for acute care hospital beds as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cumberland County as its own acute care bed service area. CFVMC is in Cumberland County. Thus, the service area for this application is Cumberland County. Facilities may also serve residents of counties not included in their service area.

The applicant is the only provider of acute care beds in Cumberland County.

New Hanover County Acute Care Beds	
Facility	Existing/Approved Beds
Cape Fear Valley Medical Center*	574
Cumberland County Total	574

Source: Table 5A, 2023 SMFP and approved applications.

*CFVMC has 480 existing AC beds and 94 approved, but undeveloped, AC beds for a total of 574 AC beds. A certificate issued on June 15, 2012, for Project ID #M-8689-11. (Add 65 AC beds). A certificate issued on June 25, 2022, for Project ID #M-12178-22 (Add 29 AC beds).

Note: The project analyst notes that CFVMC has 44 NICU beds. NICU beds are not included as part of the planning inventory for acute care beds in the 2023 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

“The proposed project will positively impact competition in Cumberland County by continuing to promote cost effectiveness, quality, and access to services in the service area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 100, the applicant states:

“This project will not affect the cost to patients or payors for the services provided by CFVMC because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that CFVMC will continue to provide high-quality services that are accessible to patients. ... this project will maximize healthcare value by expanding capacity to expand the ability of the hospital to accept transfers and admissions of patients who need CFVMC’s acute care services without delay and promote access to all patients.”

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

Regarding the impact of the proposal on quality, in Section N, page 101, 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 101, 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

In Section Q, Form O, page 121, 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.4, page 105, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy occurred in one of these facilities. The applicant states that all the problems have been corrected. 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, both 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 Acute Care Beds, promulgated in 10A NCAC 14C .3800. The specific criteria are discussed below.

SECTION .3800 – CRITERIA AND STANDARDS FOR ACUTE CARE BEDS

10A NCAC 14C .3801 DEFINITIONS

The following definitions shall apply to this Section:

- (1) “Applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license.
- (2) “Approved beds” means acute care beds in a hospital that were issued a certificate of need but are not licensed as of the application deadline for the review period.
- (3) “Average daily census (ADC)” means the total number of acute care days of care provided during a full fiscal year of operation divided by 365 days.
- (4) “Existing beds” means acute care beds in a hospital that are licensed as of the application deadline for the review period.
- (5) “Hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity.
- (6) “Occupancy rate” means the ADC divided by the total number of existing, approved and proposed acute care hospital beds.
- (7) “Proposed beds” means the acute care beds proposed to be developed in a hospital in the application under review.
- (8) “Qualified applicant” shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.
- (9) “Service area” shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.
- (10) “Target occupancy percentage” means:
 - (a) 66.7 percent if the ADC is less than 100;
 - (b) 71.4 percent if the ADC is 100 to 200;
 - (c) 75.2 percent if the ADC is 201 to 399; or
 - (d) 78.0 percent if the ADC is greater than 400.

10A NCAC 14C .3803 PERFORMANCE STANDARDS

An applicant proposing to develop new acute care beds in a hospital 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) document that it is a qualified applicant;

- C- In Section B, page 24, and Exhibit and B.1, the applicant documents that it is a qualified applicant.
 - (2) provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;
- C- The applicant provides projected utilization of the existing, approved and proposed acute care beds for CFVMC during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - (3) project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;
- C- The applicant provides the projected occupancy rate of the existing, approved and proposed acute care beds for CFVMC during each of the first three full fiscal years of operation following completion of the project that exceeds the target occupancy percentage. The discussion regarding projected target occupancy found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - (4) provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;
- C- The applicant provides projected utilization of the existing, approved and proposed acute care beds for CFVMC hospital system during each of the first three full fiscal years of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - (5) project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage; and
- C- The applicant provides the projected occupancy rate of the existing, approved and proposed acute care beds for CFVMC hospital system during each of the first three full fiscal years of operation following completion of the project that exceeds the target occupancy percentage. The discussion regarding projected target occupancy found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - (6) provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.
- C- See Section C, pages 38-51, for the applicant's discussion of need and Section Q for the applicant's data, assumptions, and methodology used to project utilization of acute care beds

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