

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 26, 2024

Findings Date: March 26, 2024

Project Analyst: Crystal Kearney

Co-Signer: Lisa Pittman

Project ID #: F-12449-23

Facility: CaroMont Regional Medical Center- Belmont

FID #: 190371

County: Gaston

Applicant(s): Gaston Memorial Hospital, Inc
CaroMont Health, Inc.

Project: Cost overrun for Project ID# F-11749-19 (develop a new 54-bed acute care hospital)

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

Gaston Memorial Hospital, Incorporated (GMH) and CaroMont Health, Inc. (CaroMont) (hereinafter collectively referred to as “CaroMont” or “the applicant”) proposes a cost overrun (COR) for a previously approved Project ID # F-11749-19 (develop a new 54-bed acute care hospital in Belmont by relocating 21 existing acute care beds from the hospital in Gastonia and developing the 33 acute care beds pursuant to the need determination in the 2019 SMFP, which is change of scope for Project ID #F-10354-14 (replacement and relocation of major medical equipment and acquisition of 2 digital RF systems and 1 ultrasound unit).

A certificate of need was issued February 25, 2020, for Project ID# F -11749-19 and authorized a capital expenditure of \$195,795,775. The applicant states that this cost overrun application is necessary due to increased costs, primarily related to site preparation,

construction/renovation contract(s), landscaping, nonmedical equipment, consultant fees, and other (IS/IS & Security) since the issuance of the original certificate of need. The applicant proposes no material change in scope from the originally approved project in this application.

Need Determination

There were no need determinations in the 2023 State Medical Facilities Plan (SMFP) applicable to Project ID # F-11749-19 and the applicant proposes no changes in the current application which would affect that determination. The applicant does not propose to increase the number of licensed beds in any category, add any new health services, or acquire equipment for which there is a need determination in the 2023 SMFP. Therefore, there are no need determinations applicable to this review.

Policies

Project ID# F-11749-19 was found to be consistent with *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* as published in the 2023 SMFP.

For this review, *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*, as published in the 2023 SMFP, also applies.

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 for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The capital expenditure of the project is greater than \$4 million. In Section B, pages 24-25, the applicant describes its plan to assure improved energy efficiency and water conservation.

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 because the applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 based on the following:

- The applicant states that its plan will conform to or exceed energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
- The applicant states it will work with experienced architects and engineers to ensure energy efficient systems are part of the design.

- (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 a COR for Project ID# F-11749-19 (develop a new 54 -bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

Patient Origin

In Section C, page 28, the applicant states it does not project any changes to its projected patient origin from its original project, Project ID #F-11749-19, which was found to be reasonable and adequately supported upon settlement. No changes are proposed in this application which would affect that determination.

Analysis of Need

The following table compares the capital cost approved in Project ID #F-11749-19, the changes proposed in this application, and the new projected capital costs, as reported on Form F.1b in Section Q.

Capital Cost for Cost Overrun or Change of Scope Application	Previously Approved Capital Cost (Project ID #F-11749-19)	New Total Capital Cost	Difference (Capital Cost for this Project)
Site Preparation	\$14,167,400	\$17,822,023	\$3,654,623
Construction/Renovation Contract(s)	\$122,617,600	\$172,482,971	\$49,865,371
Landscaping	\$500,000	\$785,437	\$285,437
Architect/Engineering Fees	\$9,809,408	\$9,703,715	(\$105,693)
Medical Equipment	\$32,851,649	\$29,200,000	(\$3,651,649)
Non-Medical Equipment	\$2,000,468	\$3,460,000	\$1,459,532
Furniture	\$4,000,000	\$3,275,108	(\$724,892)
Consultant Fees	\$100,000	\$2,442,938	\$2,342,938
Other (IS/IS & Security)	\$9,749,250	\$14,075,045	\$4,325,795
Total Capital Cost	\$195,795,775	\$253,247,237	\$57,451,462

In Section C, pages 26-28, the applicant states that the cost overrun application is necessary due to increased costs, primarily related to construction and site preparation, since the issuance of the original certificate of need. The applicant states the reason behind the increases is primarily related to costs that increased significantly during the COVID-19 pandemic and were known to affect the construction industry in particular. The applicant also explained any projected decreases in capital expenditures for certain categories of spending.

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

- The applicant explains how construction, labor, and material costs have increased significantly since the original application was approved.
- The applicant explains the impact on costs due to major disruptions such as unexpected additional infrastructure required by the town and county, additional public roadway improvements, and site issues related to geological make up of the site.

Projected Utilization

The applicant states due to the delay in completion and the utilization of updated patient service ratios, the applicant expects utilization to change and has provided updated forms. The changes in utilization are due to the change of the date of the initial operation and the updating of the utilization projects to include FY2022 data versus the previously used FY 2018 data.

CRMC- Belmont is not an existing hospital or campus and thus has no historical patient origin.

The following tables illustrate projected health service facility bed utilization for the first three full fiscal years (FYs) following project completion. The applicant defines its full fiscal year as July 1 – June 30 which is also the North Carolina state fiscal year and will be abbreviated as SFY.

Projected Health Service Facility Bed Utilization upon Project Completion CRMC- Belmont	SFY1 7/1/2024 - 6/30/2025	SFY2 7/1/2025- 6/30/2026	SFY3 7/1/2026 – 6/30/2027
Acute Care Hospital- All Beds			
Total # of Beds, including all types of beds	54	54	78
# of Admissions or Discharges	2,791	3,419	4,314
# of Patient Days	10,130	12,410	15,659
Average Length of Stay	3.63	3.63	3.63
Occupancy Rate	51.4%	63.0%	55.0%

Source: Section Q, Form C.1b, page 60

In Section Q, pages 61- 69, the applicant provides the assumptions and methodology used for bed utilization.

The following tables illustrate projected medical equipment utilization for the first three full fiscal years (FYs) following project completion. The applicant defines its full fiscal year as July 1 – June 30 which is also the North Carolina state fiscal year and will be abbreviated as SFY.

Projected Medical Equipment Utilization upon Project Completion CRMC-Belmont	SFY1 7/2024 to 6/2025	SFY2 7/2025 to 6/2026	SFY3 7/2026 to 6/32027
CT Scanner (see Tab C)			
# of Units	1	1	1
# of Scans	6,416	7,859	9,917
# of HECT Units	9,943	12,179	15,368
MRI Scanner (see Tab C)			
# of Units	1	1	1
# of Procedures	904	1,108	1,398
# of Weighted Procedures	1,165	1.428	1,801
Fixed x-ray (including fluoro)			
# of Units	2	2	2
# of Procedures	13,513	16,554	20,888
Ultrasound			
# of Units	6	6	6
# of Procedures	3,116	3,817	4,816
Nuclear Medicine			
# of Units	1	1	1
# of Procedures	474	581	733
Other Medical Equipment (ECHO/EEG)			
# of Units	1	1	1
# of Procedures	1,718	2,104	2,655

Source: Section Q, Form C.2b, page 70

In Section Q, pages 71-72, the applicant provides the assumptions and methodology used to project utilization.

The following tables illustrate projected ORs and GI Endo Room utilization for the first three full fiscal years (FYs) following project completion. The applicant defines its full fiscal year as July 1–June 30 which is also the North Carolina state fiscal year and will be abbreviated as SFY.

Projected OR and GI Endo Room Utilization upon Project Completion CRMC-Belmont	SFY1 7/1/2024 to 6/30/2025	SFY2 7/1/2025 to 6/30/2026	SFY3 7/1/2026 to 6/30/2027
Operating Rooms- Number of Rooms by Type			
Open Heart ORs	0	0	0
Dedicated C-Section ORs	1	1	1
Other Dedicated Inpatient ORs	0	0	0
Shared ORs	1	1	1
Dedicated Ambulatory ORs	0	0	0
Total # of ORs	2	2	2
# of Excluded ORs	1	1	1
Adjusted Planning Inventory	1	1	1
Surgical Cases			
# of C Sections Performed in Dedicated C Section ORs	92	112	142
# of Inpatient Surgical Cases	221	271	341
# of Outpatient Surgical Cases	948	1,162	1,466
Total # of Surgical Cases	1,169	1,433	1,807
Case Times (from Section C, Question 5 (c))			
Inpatient	1.88	1.88	1.88
Outpatient	1.20	1.20	1.20
Surgical Hours			
Inpatient	415	509	641
Outpatient	1,138	1,394	1,759
Total Surgical Hours	1,553	1,904	2,400
# of ORs Needed			
Group Assignment	4	4	4
Standard Hours per OR per Year	1,500	1,500	1,500
Total Surgical Hours/ Standard Hours per ORs per Year	1.0	1.3	1.6

Source: Section Q, Form C.3b, page 73

Projected OR and GI Endo Room Utilization upon Project Completion CRMC-Belmont	SFY1 7/2024 to 6/2025	SFY2 7/2025 to 6/2026	SFY3 7/2026 to 6/2027
GI Endoscopy Rooms			
# of Rooms	1	1	1
# of Inpatient GI Endoscopy Procedures	191	234	296
# of Outpatient GI Endoscopy Procedures	879	1,077	1,359
Total GI Endoscopy Procedures per Room	1,070	1,311	1,655

Source: Section Q, Form C.3b, page 74

In Section Q, pages 75-76, the applicant provides the assumptions and methodology used to project OR utilization based on ratio to days of care.

In Section Q, pages 75-76, the applicant provides the assumptions and methodology used to project GI Endo room utilization based on ratio to discharge and ratio to IP procedures.

The following tables illustrate projected utilization for other hospital services utilization for the first three full fiscal years (FYs) following project completion. The applicant defines its full fiscal year as July 1 – June 30 which is also the North Carolina state fiscal year and will be abbreviated as SFY.

Projected Other Hospital Services Utilization upon Project Completion CRMC-Belmont	SFY1 7/2024 to 6/2025	SFY2 7/2025 to 6/2026	SFY3 7/2026 to 6/2027
Emergency Department			
# of Treatment Rooms	16	16	16
# of Visits	16,144	19,777	24,955
Observation Beds (unlicensed)			
# of Beds	12	12	12
Days of Care	1,085	1,329	1,677
Laboratory			
Tests	163,941	200,837	253,417
Physical Therapy			
Treatments	4,302	5,270	6,649
Speech Therapy			
Treatments	632	774	977
Occupational Therapy			
Treatments	2,114	2,590	3,268
Respiratory Therapy			
Treatments	21,330	26,131	32,972

Source: Section Q, Form C.4b page 75

In Section Q, pages 76-77, the applicant provides the assumptions and methodology used to project hospital services utilization based on ratio to days of care.

In Section Q, pages 76-77, the applicant provides the assumptions and methodology used to project hospital services utilization based on ratio to discharge and ratio to IP procedures.

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

- The applicant does not propose a material change in the scope of the previously approved application.
- The applicant has provided a comparison between the new capital cost with the previously approved capital cost with an explanation for each line item that has increased or decreased.
- Each of the steps of the previously described methodologies are based on CaroMont Health -Belmont Population, discharges, and market shares in Section Q.
- Each of the steps of the previously described methodologies are based on CRMC-Belmont's experience providing services and the methodologies are well supported by the quantitative data provided in this application.

Access to Medically Underserved Groups

In Section C, page 29, the applicant states:

“CaroMont Health expects access by medically underserved groups by the development of CRMC-Belmont to remain unchanged from the original CON application even when considering the increase in costs due to the reasons previously described.

CRMC- Belmont will establish a second hospital in Gaston County expanding the availability and access to acute care services to the medically underserved.

CaroMont Health makes hospital services accessible to indigent patients without regard to ability to pay. All CaroMont Health facilities and physicians provide services to all residents regardless of race/ethnicity, sex, physical or mental ability, age, and/or source of payment.”

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 identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonably and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payer mix) and adequately supports its assumptions.

- (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 proposes a COR for Project ID# F-11749-19 (develop a 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

In Project ID #F-11749-19, this criterion was found to be not applicable. No changes are proposed in this application which would affect that determination. 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 a COR for Project ID# F-11749-19 (develop a 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

In Section E, page 31, the applicant states that there are no alternatives available to meet the need for the proposal. The applicant explains during construction, the following cost saving efforts were implemented during the delay, intentionally buying according to delivery site to reduce logistic costs and second handling, utilizing local relationships to maximize service and support from the vendor community, maximizing all HPG (Group Purchasing partner) and local vendor contracts, and bidding all items that are distributed to keep "cost plus" mark-ups low.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for because the applicant 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. Gaston Memorial Hospital, Incorporated and CaroMont Health, Inc. (hereinafter referred to as certificate holder) shall materially comply with the representations made in this application and representations made in Project ID # F-11749-19. Where representations conflict, the applicant shall materially comply with the last made representation.**
- 2. The certificate holder shall develop CaroMont Regional Medical Center – Belmont, as approved in the certificate of need for Project ID# F-11749-19, with no change of scope in the development of the proposed project.**
- 3. The total combined capital expenditure for this project and Project ID # F-11749-19 is \$253,247,237 an increase of \$ 57,451,462 over the capital expenditure of \$195,795,775 previously approved in Project ID# F-1149-19.**
- 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 September 1, 2024.**
- 6. 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.**

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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

Capital and Working Capital Costs

The certificate of need for Project ID #F-11749-19 approved a capital expenditure of \$195,795,775. The applicant states that, to develop the previously approved project, it requires a total capital expenditure of \$253,247,237, which is a \$57,451,462 difference of the approved project.

The following table compares the capital cost approved in Project ID #F-11749-19, the changes proposed in this application, and the new projected capital costs, as reported on Form F.1b in Section Q.

Capital Cost for Cost Overrun or Change of Scope Application	Previously Approved Capital Cost (Project ID #F-11749-19)	New Total Capital Cost TBD	Difference (Capital Cost for this Project)
Site Preparation	\$14,167,400	\$17,822,023	\$3,654,623
Construction/Renovation Contract(s)	\$122,617,600	\$172,482,971	\$49,865,371
Landscaping	\$500,000	\$785,437	\$285,437
Architect/Engineering Fees	\$9,809,408	\$9,703,715	(\$105,693)
Medical Equipment	\$32,851,649	\$29,200,000	(\$3,651,649)
Non-Medical Equipment	\$2,000,468	\$3,460,000	\$1,459,532
Furniture	\$4,000,000	\$3,275,108	(\$724,892)
Consultant Fees	\$100,000	\$2,442,938	\$2,342,938
Other (IS/IS & Security)	\$9,749,250	\$14,075,045	\$4,325,795
Total Capital Cost	\$195,795,775	\$253,247,237	\$57,451,462

In Section C, pages 26-28, the applicant states that the cost overrun application is necessary due to increased costs, primarily related to construction and site preparation, since the issuance of the original certificate of need. The applicant states the reason behind the increases is primarily related to costs that increased significantly during the COVID-19 pandemic and were known to affect the construction industry. The applicant also explained any projected decreases in capital expenditures for certain categories of spending.

The applicant was previously approved for \$6,457,802 to fund the start-up expenses and initial operating expenses and does not expect working capital to exceed that amount.

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

- The applicant provides detailed explanations about what the proposed increases in capital costs are to justify the proposed increases.
- The applicant considers the impact of factors such as inflation and interest costs due to the increased timetable to develop the proposed project.

Availability of Funds

In Project ID# F-11749-19, the Agency determined that the applicant adequately demonstrated it had sufficient funds available for the capital needs of the project in the amount of \$195,795,774. The current application proposes a capital cost increase of a \$57,451,462 over the previously approved capital cost. In Section F.5, page 33, the applicant states it will fund the project’s capital cost through accumulated reserves and notes that the combined financial statement on June 30, 2023, CaroMont Health had \$764 million in assets limited as to use: internally designated account.

Exhibit F.5a contains a letter dated September 5, 2023, from CaroMont Health’s CFO obligating \$57.5 million to fund this project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information above.

Financial Feasibility

In Section F, pages 34-35, the applicant states the cost overrun will result in an increase in revenue due to updated utilization projections and an increase in both revenue and operating costs related to the updated utilization projections and depreciation as the following table summarizes:

Revenue and Operating Cost Comparison	FY2024	FY2025	FY2026	FY2027
Previously Approved	1st Year	2nd Year	3rd Year	
Total Net Revenue	\$37,240,563	\$51,008,297	\$66,015,951	
Total Operating Costs	\$42,286,156	\$51,261,080	\$60,136,671	
Net Income / (Loss)	(\$5,045,593)	(\$252,784)	\$5,879,279	
Cost Overrun CON				
		1st Year	2nd Year	3rd Year
Total Net Revenue		\$54,219,810	\$68,140,147	\$88,170,868
Total Operating Costs		\$52,745,444	\$63,515,254	\$80,306,948
Net Income		\$1,474,367	\$4,624,893	\$7,863,920

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 the increase in projected operating expenses.
- 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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

The applicant adequately demonstrates that the proposal would not result in unnecessary duplication of existing or approved hospitals in Gaston County. The applicant does not propose any changes in this COR application which would affect that determination.

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.

- (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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

The application for Project ID # F- 11749-19 adequately demonstrated the availability of resources, including health manpower and management personnel to provide the proposed services, and no changes are proposed services, and no changes are proposed in this application which would affect that determination.

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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

In Section I, pages 38-39, the applicant states there are no changes to the provision of necessary ancillary and support services or changes to coordination with the existing health care system than approved in Project ID # F- 11749-19. In Project ID # F- 11749-19, the applicant was conforming to his criterion and the applicant proposes no changes in the current application as submitted that would affect that determination.

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.

- (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

- (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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no change in the scope of the originally approved project. Project ID# F-11749-19 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

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

The applicant proposes a COR for In Project ID# F-11749-19 (develop a new 54 bed acute care hospital) Project ID # F-11749-19 was conforming to this criterion and the applicant proposes no change to the current application which will affect that determination.

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

- (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

The applicant proposes a COR for Project ID # F-11749-19 (develop a new 54-bed acute care hospital). In Project ID# F-11749-19, the Agency determined the application was conforming to this criterion. The applicant proposes no changes in the current application which would affect the determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a COR for Project ID # F-11749-19 (develop a new 54-bed acute care hospital). In Project ID# F-11749-19, the Agency determined the applicant adequately demonstrated the extent to which medically underserved population 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. The applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a COR for Project ID # F-11749-19 (develop a new 54-bed acute care hospital).0020 In Project ID# F-11749-19, the Agency determined the applicant adequately demonstrated it would offer a range of means by which a person would have access to its services. The applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

In Project ID # F-11749-19, the Agency determined the applicant adequately demonstrated that the proposed health service would accommodate the clinical needs of health professionals training programs in the area. The applicant proposes no changes in the current application which would affect that determination.

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 a COR for Project ID# F-11749-19 (develop a new 54-bed acute care hospital). The applicant proposes no material change in scope from the originally approved project in this application.

Project ID# 11749-19 was not conforming with Criterion (18a); however, additional information submitted by the applicant as part of a settlement agreement adequately demonstrated the expected effects of the proposed services on competition in Gaston County and how any enhanced competition would have a positive impact on the cost effectiveness, quality, and access to the services proposed. The applicant does not propose any changes in this cost overrun application which would affect that determination.

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.

- (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 a COR for Project ID#-F-11749-19 (develop a new 54-bed acute care hospital). Project ID# F-11749-9 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 2 of these types of facilities located in North Carolina. One of the facilities, CaroMont Regional Medical Center – Belmont is not yet operational.

In Section O, page 54, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents which resulted in a finding of immediate jeopardy at any of the facilities listed on Form O. 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 one of these facilities; however, the facility is now 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 the operational facility, 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.

NA

Project ID #F-11749-19 proposed to develop a new acute care hospital by relocating existing acute care beds, ORs, and other medical equipment, including a CT scanner. The application Criteria and Standards for acute care beds promulgated in 10 A NCAC 14C .3803 were applicable to that review. Project ID # F-11749-19 was not conforming with the applicable administrative rules; however, additional information submitted by the applicant as part of a settlement agreement adequately demonstrated conformity with the administrative rules. The administrative rules promulgated in 10A NCAC 14C .3803 were repealed on January 1, 2022.

There were no other administrative rules applicable to Project ID # F-11749-19, and there are no administrative rules that were not applicable to Project ID #F-11749-19 and that would be applicable to this review.