

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 28, 2024

Findings Date: March 28, 2024

Project Analyst: Cynthia Bradford

Co-signer: Gloria C. Hale

COMPETITIVE REVIEW

Project ID #: F-12439-23
Facility: Carolinas Medical Center
FID #: 943070
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 112 additional acute care beds pursuant to the 2023 SMFP need determination

Project ID #: F-12444-23
Facility: Atrium Health University City
FID #: 923516
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 10 additional acute care beds pursuant to the 2023 SMFP need determination

Project ID #: F-12446-23
Facility: Atrium Health Pineville
FID #: 110878
County: Mecklenburg
Applicant: The Charlotte-Mecklenburg Hospital Authority
Project: Develop no more than 42 additional acute care beds pursuant to the 2023 need determination

Project ID #: F-12457-23
Facility: Novant Health Presbyterian Medical Center
FID #: 943501
County: Mecklenburg
Applicants: Novant Health, Inc.
The Presbyterian Hospital

Project: Develop 54 additional acute care beds pursuant the 2023 SMFP need determination

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

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

Atrium Health System		
Facility Name	Type of Facility	Acronym/Abbreviations Used
Atrium Health Pineville	Acute care hospital	AH Pineville / AH-P
Atrium Health Steele Creek	Approved satellite hospital campus of Atrium Health Pineville	AH Steele Creek
Atrium Health University City	Acute care hospital	AH University City
Carolinas Medical Center	Acute care hospital	CMC
Atrium Health Mercy	Satellite hospital campus of Carolinas Medical Center	AH Mercy
Atrium Health Lake Norman	Approved satellite hospital campus of Atrium Health University City	AH Lake Norman

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

REVIEW CRITERIA

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

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a

determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C – All Applications

Need Determination – Chapter 5 of the 2023 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for 164 additional acute care beds in the Mecklenburg County service area. Four applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 228 new acute care beds in Mecklenburg County. However, pursuant to the need determination, only 164 acute care beds may be approved in this review for Mecklenburg County. See the Conclusion following the Comparative Analysis for the decision.

Only qualified applicants can be approved to develop new acute care beds. On page 34, the 2023 SMFP states:

“A person who proposes to operate 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 following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services listed below... [listed on pages 34 and 35 of the 2023 SFMP].”*

Policies – There are two policies in the 2023 SMFP which are applicable to this review.

Policy GEN-3: Basic Principles, on page 30 of the 2023 SMFP, states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Policy GEN-3 applies to all applicants in this review.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on pages 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.”

Policy GEN-4 applies to Project ID #s **F-12439-23**, **F-12444-23**, and **F-12446-23**. It does not apply to Project ID #**F-12457-23**.

As defined by the 2023 SMFP acute care bed methodology on page 31:

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

According to Table 5A on page 40 of the 2023 SMFP, the Atrium Health System has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255)
- Atrium Health Lake Norman (Project ID #F-12010-20; CON issued May 28, 2021; currently under development)

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 112 acute care beds to Carolinas Medical Center, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), Project ID# F-12010-20 (relocate 18 beds), Project ID #F-12149-21 (add 75 beds), and Project F-12281-22 (add 38 beds).

As defined by the 2023 SMFP acute care bed methodology on page 31:

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

According to Table 5A on page 40 of the 2023 SMFP, the Atrium health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255) – including the approved Atrium Health Lake Norman satellite campus (Project ID #F-12010-20 and material compliance approval issued on September 22, 2023).

As of the date of these findings, the Atrium Health System has 1,609 existing and approved acute care beds. In Project ID #s F-12446-23 and F-12444-23, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 42 acute care beds to Atrium Health Pineville and 10 acute care beds to Atrium Health University City, respectively. The addition of all of these proposed beds would bring the total number of acute care beds in the Atrium Health system in Mecklenburg County to 1,773 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.

Policy GEN-3. In Section B, pages 27-33, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 34-35, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project, Project ID # F-12146-21 (add 8 beds), and Project ID# Project ID # F-012282-22 (add 8 beds).

As defined by the 2023 SMFP acute care bed methodology on page 31:

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

According to Table 5A on page 40 of the 2023 SMFP, the Atrium Health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)
- Atrium Health University City (License H0255) – including the approved Atrium Health Lake Norman satellite campus (Project ID #F-12010-20 and material compliance approval issued on September 22, 2023).

As of the date of these findings, the Atrium Health system has 1,609 existing and approved acute care beds. In Project ID #s F-12446-23 and F-12439-23, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 42 acute care beds to Atrium Health Pineville and 10 acute care beds to Atrium Health University City, respectively. The addition of all of these proposed beds would bring the total number of acute care beds in the Atrium Health system in Mecklenburg County to 1,773 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.

Policy GEN-3. In Section B, pages 27-33, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 34-35, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds, excluding neonatal beds, to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project, Project ID # F-12147-21 (add 25 beds), Project ID # F-12280-22 (add 5 beds), and Project ID #F-12084-21 (relocate 26 beds).

As defined by the 2023 SMFP acute care bed methodology on page 31:

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

According to Table 5A on page 40 of the 2023 SMFP, the Atrium Health system has three existing hospitals and one approved but not yet developed hospital in Mecklenburg County:

- Carolinas Medical Center – including the Atrium Health Mercy satellite campus (License H0071)
- Atrium Health Pineville (License H0042) – including the approved Atrium Health Steele Creek satellite campus (Project ID #F-12084-21)

- Atrium Health University City (License H0255) – including the approved Atrium Health Lake Norman satellite campus (Project ID #F-12010-20 and material compliance approval issued on September 22, 2023).

As of the date of these findings, the Atrium Health System has 1,609 existing and approved acute care beds. In Project ID #s F-12439-23 and F-12444-23, filed concurrently with this application and which are also part of this competitive review, Atrium proposes to add 112 acute care beds to Carolinas Medical Center, and 10 acute care beds to Atrium Health University City, respectively. The addition of all of these proposed beds would bring the total number of acute care beds in the Atrium Health system in Mecklenburg County to 1,773 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.

Policy GEN-3. In Section B, pages 27-34, and in Exhibits B.20-1 through B.20-4, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 35-36, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 for the following reasons:

- The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
- The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
- The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to ensure improved energy efficiency and water conservation.

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

Novant Health, Inc. and The Presbyterian Hospital (hereinafter referred to as “Novant” or “the applicant”) propose to add 54 new acute care beds to Novant Health Presbyterian Medical Center (NH Presbyterian), a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

As defined by the 2023 SMFP acute care bed methodology on page 33:

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

According to Table 5A on pages 40-41 of the 2023 SMFP, the Novant Health system has four existing hospitals and two approved but not yet developed hospitals in Mecklenburg County:

- Novant Health Presbyterian Medical Center (License H0010)
- Novant Health Matthews Medical Center (License H0270)
- Novant Health Huntersville Medical Center (License H0282)
- Novant Health Mint Hill Medical Center (License H0290)
- Novant Health Ballantyne Medical Center (Project ID #F-11625-18; CON issued April 30, 2019; currently under development)
- Novant Health Steele Creek Medical Center (Project ID #F-11993-20; CON issued May 28, 2021; currently under development)

As of the date of these findings, the Novant Health system has 893 existing and approved acute care beds. The addition of 54 new acute care beds as proposed in this application would bring the total number of acute care beds in the Novant Health system in Mecklenburg County to 947 acute care beds.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County. In Section B, page 23, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.

Policy GEN-3. In Section B, pages 26-27, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Mecklenburg County.
 - The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2023 SMFP.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Mecklenburg County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- (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.

Project ID # F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

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

The following table illustrates current and projected patient origin.

CMC Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2022)		FY 1 (CY 2028)		FY 2 (CY 2029)		FY 3 (CY 2030)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	20,999	51.9%	23,784	50.7%	24,540	50.7%	25,317	50.7%
York (SC)	2,751	6.8%	3,267	7.0%	3,374	7.0%	3,484	7.0%
Gaston	2,630	6.5%	3,123	6.7%	3,225	6.7%	3,331	6.7%
Union	2,306	5.7%	2,739	5.8%	2,828	5.8%	2,921	5.8%
Cleveland	1,578	3.9%	1,874	4.0%	1,935	4.0%	1,998	4.0%
Cabarrus	1,376	3.4%	1,634	3.5%	1,687	3.5%	1,742	3.5%
Lancaster (SC)	1,052	2.6%	1,249	2.7%	1,290	2.7%	1,332	2.7%
Lincoln	1,012	2.5%	1,201	2.6%	1,240	2.6%	1,281	2.6%
Iredell	809	2.0%	961	2.0%	992	2.0%	1,025	2.1%
Catawba	607	1.5%	721	1.5%	744	1.5%	769	1.5%
Other*	5,341	13.2%	6,342	13.5%	6,550	13.5%	6,764	13.5%
Total	40,461	100.0%	46,895	100.0%	48,405	100.0%	49,964	100.0%

Source: Section C, pages 39, 43

*Other includes other North Carolina counties and other states as listed on pages 39 and 43

In Section C, page 41, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

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

Analysis of Need

In Section C, pages 45-77, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- CMC is the sole provider of quaternary care in Mecklenburg County and the surrounding area, and despite adding beds and shifting lower acuity patients to its other hospitals in the county, CMC's occupancy has continued to increase pre and post pandemic. (page 65)
- The applicant states it has relied on waivers to operate on temporary bed overflow status to accommodate bed need, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated more beds under the COVID-19 waiver than are permitted under temporary bed overflow status. (pages 45-46)
- The applicant states CMC operated at a capacity of 121% during CY 2023. CMC's utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that CMC is projected to operate at 102 percent occupancy of licensed beds in CY 2023. (page 46)
- The applicant states capacity issues have led to patients waiting in the Post-Anesthesia Care Unit (PACU) after surgery and even having to wait in an operating room because of lack of availability of space in the PACU. The applicant states that patients had to wait an average of 3.5 hours in the PACU for an available bed during CY 2023 so far. For CY 2023 so far, 600 patients have had to wait an average of 50 minutes in the operating room. The applicant states patients start recovering from anesthesia during that time and it is not standard practice to have patients begin recovery in an operating room. (pages 56-57)
- The applicant states capacity issues have regularly led to house patients staying overnight in emergency departments or ED overflow/holding areas before a bed is available for admission. These patients occupy emergency department rooms, which greatly reduces the efficiency and capacity of that department. (page 56)
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 12.0%, or a CAGR of 1.6%, between 2023 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 74-76)

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

- The applicant provides historical data demonstrating increasing utilization of acute care beds at CMC.
- The 2023 SMFP shows a deficit of 114 acute care beds at CMC/Atrium Health Mercy.
- The applicant identifies circumstances at CMC that support its belief that it needs additional acute care bed capacity at CMC, such as the impact of lack of space on surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

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

CMC Acute Care Bed Historical/Projected Utilization				
	CY 2023[^]	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
# of Beds	783	1,086	1,086	1,086
# of Discharges	42,500	46,895	48,405	49,964
# of Acute Care Days	292,638	307,527	317,431	327,653
ALOS	6.9	6.6	6.6	6.6
Occupancy Rate	102.4%	77.6%	80.1%	82.7%

Source: Section Q, Form C.1a and C.1b, pages 154-155

[^]Annualized based on January 1, 2023 – June 31, 2023

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, pages 156-172, the applicant provides the assumptions and methodology used to project utilization, which are summarized below. While AH Mercy is a campus of CMC, and is under CMC’s license, Atrium treats AH Mercy as a separate facility for purposes of projecting utilization.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applying historical seasonal utilization patterns from CY 2022.
- The applicant states that growth at CMC will be constricted until beds become operational in the new bed tower under development. Therefore, no growth in patient days is projected until the tower’s anticipated opening in CY2027. The applicant applies the county growth rate multiplier from the 2023 SMFP of 3.25% to project utilization from CY2027 through each of the first three operating years of the project, CY2028-CY2030.

- Next, the applicant projected a shift of acute care days to Atrium Health Lake Norman, (Project ID #F-12010-20), a new 30 bed Atrium facility to the service area that is not yet operational. CMHA has assumed that Atrium Health Lake Norman will serve only a portion of inpatients from the Lake Norman service area that historically have sought care at a CMHA facility in Mecklenburg County. This shift is expected to begin in CY 2025 with the opening of the hospital and increase in subsequent years. The applicant states that CMHA is projecting 9,114 acute care days to shift to Atrium Health Lake Norman by CY 2030, the third full fiscal year of the proposed CMC project. A table is provided on page 163 illustrating the shift in volume from CY2025 through CY2030.
- Next, the applicant accounted for when its previously-approved beds would become operational, adding them to CMC’s bed counts and adjusting average daily census (ADC) and occupancy rates. See table on page 168 of the application.
- As shown in the table above, in the third operating year following project completion, the applicant projects that the utilization for all of its acute care beds at CMC will be 82.7%. This meets the performance standard promulgated in 10A NCAC 14C.3803 (3) which requires an applicant proposing to add new acute care beds to a service area to reasonably project that the occupancy rate of its existing, approved, and proposed acute care beds during the third full fiscal year of operation following completion of the project equals or exceeds the target occupancy percentage of 78% when the projected ADC is greater than 400.

Atrium Health System

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

CMHA Total Projected Acute Care Utilization								
	Annualized		Interim			OY1	OY2	OY3
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Lake Norman			1,854	3,709	5,857	8,222	8,656	9,114
AH Pineville	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek			2,461	3,367	5,183	7,091	7,276	7,467
AH University City	38,948	41,097	41,238	41,468	41,468	41,493	42,102	42,716
CMC	292,638	292,638	291,636	290,365	298,985	307,527	317,431	327,653
AH Mercy	56,159	57,994	59,622	61,311	63,023	64,770	66,852	69,001
Total Acute Care Days	489,820	495,508	501,455	507,585	523,414	539,746	556,597	573,985
Total ADC	1,342	1,358	1,374	1,391	1,434	1,479	1,525	1,573
Total Beds[^]	1,342	1,355	1,470	1,470	1,773	1,773	1,773	1,773
Occupancy %	100.0%	100.0%	93.5%	94.6%	80.9%	83.4%	86.0%	88.7%

Source: Section Q, Form C Assumptions and Methodology, page 171

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

** Source: Section Q, Form C.1a & C.1b

[^] Includes the development of 30 acute care beds at Atrium Health Lake Norman to become operational in CY 2025

The Atrium Health System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), and AH University City (including AH Lake Norman). Pursuant to 10A NCAC 14C .3803, an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients in the third full fiscal year following completion of the proposed project.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applied historical seasonal utilization patterns from CY 2022.
- The applicant provides a table, on page 158, showing historical utilization for each of its CHMA’s existing hospitals from CY2016 – CY2023 annualized and includes the CAGRs for each for both CY2016-CY2019, and CY2019-CY2023.
- The applicant states its health system’s utilization grew significantly due to the availability of temporary beds added by the COVID-19 waiver, resulting in a 5.4% CAGR from CY2019-CY2023. Since the waiver ended on May 11, 2023, and its hospitals are limited to adding no more than 10% of their licensed bed capacity under North Carolina temporary bed regulations, the applicant limited its growth until additional beds are developed at each facility. Stated in another way, hospital capacity is limited due to its existing bed capacity.
- Next, the applicant projects utilization for each of its existing hospitals, AH Pineville, AH University City, and AH Mercy from CY2024 through the first three fiscal years of the proposed project ending CY2030. The applicant provides a table illustrating the growth rates used for each year for each hospital on page 160 and explains its methodology for each hospital as discussed below.
 - AH Pineville, due to its limited ability to grow until additional beds are developed in CY2025, will grow at the Mecklenburg County population growth rate, 1.7%, until then. After that, to be conservative, the applicant applies the county growth rate multiplier of 3.25% which is less than the hospital’s more recent growth rate.
 - AH University City will grow at the Mecklenburg County population growth rate of 1.7% from CY2024 through CY2030. The applicant notes that the hospital will add beds in CY2024 and CY2025, but the applicant does not believe that added capacity will be enough to support the hospital’s historical growth rate that exceeds 10%.
 - For AH Mercy, the applicant applies the Mecklenburg County growth rate multiplier of 3.25% from CY2024 through CY2030 and states that discharges increased over the first half of CY2023 despite a decline in patient days over that period.
- Next, the applicant accounts for shifts in patients from all four of its existing hospitals to AH Lake Norman, beginning July 1, 2025, and consistent with previously approved projects, Project ID # F-12010-20, its cost overrun, Project ID #

F-12319-23, and revised volumes provided upon settlement, as illustrated in the following table.

Projected Acute Care Days to Shift to Atrium Health Lake Norman by Facility of Origin						
	CY2025*	CY2026	CY2027	CY2028	CY2029	CY2030
Atrium Health Pineville	-47	-94	-148	-208	-219	-231
Atrium Health University City	-549	-1,098	-1,734	-2,434	-2,562	-2,698
CMC	-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Atrium Health Mercy	-257	-514	-811	-1,139	-1,199	-1,262
Atrium Health Lake Norman Total Days	-1,854	-3,709	-5,857	-8,222	-8,656	-9,114

Source: Section Q, Form C, page 163, Assumptions and Methodology

*Represents half of CY 2026 projected volume to account for a July 1, 2025 start date

- The applicant states that it accounts for AH Pineville’s approved additional acute care beds to be added in CY2025 (25 from Project ID# F-12147-21, and five from Project ID# F-12280-22) and the addition of 42 beds proposed in the concurrent application, Project ID# F-12446-23. A table illustrating projected utilization is provided on page 164.
 - In addition, AH Pineville was approved to relocate 26 beds from its main campus to an adjacent satellite campus, AH Steele Creek (Project ID# F-12084-21). The applicant expects the shift in volume to begin in CY2025 and provides a table illustrating this on page 165.
 - The applicant accounts for the above shift and its impact on AH Pineville’s main campus as illustrated in the second table on page 165.

- The applicant accounts for previously approved projects to add beds to AH University City, Project ID# F-12146-21 (add 8 beds) and Project ID# F-12282-22 (add 8 beds), and adds the 10 beds proposed in concurrent application, Project ID# F-12444-23. A table illustrating projected utilization is provided on page 166.
 - The applicant notes, on page 166, that it artificially held total days due to capacity constraints from July to December 2023 so as not to exceed 110 percent occupancy which would otherwise result in exceeding temporary bed overflow capacity.

- The applicant states that projected utilization for AH Lake Norman is entirely comprised of shifted volume from CMHA’s existing hospitals in Mecklenburg County. AH Lake Norman was added to the license of AH University City upon a material compliance approval issued by the Agency in September 2023. The applicant provides a table illustrating projected acute care days for AH University City, AH Lake Norman, and for both facilities combined on page 167.

- The applicant provides tables on page 169 illustrating projected utilization for AH Mercy accounting for shifts of acute care days to AH Lake Norman and for CMC and AH Mercy combined, respectively.

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

Summary of Projected Shifts in Acute Care Days								
	Current	Interim				PY1	PY2	PY3
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
CMC								
Acute Care Days	292,638	292,638	292,638	292,638	302,149	311,969	322,108	332,576
Projected Shifts^^			-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Adjusted Acute Care Days	292,638	292,638	291,636	290,635	298,985	307,527	317,431	327,653
AH Mercy								
Acute Care Days	56,169	57,994	59,879	61,825	63,834	65,909	68,051	70,263
Projected Shifts^^			-257	-514	-811	-1,139	-1,199	-1,262
Adjusted Acute Care Days			59,622	61,311	63,023	64,770	66,852	69,001
AH Pineville								
Acute Care Days	102,065	103,778	107,151	110,633	114,229	117,941	121,775	125,732
Projected Shifts^			-2,461	-3,367	-5,183	-7,091	-7,276	-7,467
Projected Shifts^^			-47	-94	-148	-208	-219	-231
Adjusted Acute Care Days	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek								
Acute Care Days			2,461	3,367	5,183	7,091	7,276	7,467
AH University City								
Acute Care Days	40,419	41,097	41,787	42,489	43,202	43,927	44,664	45,414
Projected Shifts^^			-549	-1,098	-1,734	-2,434	-2,562	-2,698
Adjusted Acute Care Days	40,419	41,097	41,238	41,391	41,468	41,493	42,102	42,716
AH Lake Norman								
Acute Care Days			1,854	3,709	5,857	8,222	8,656	9,114

Source: Section Q, Form C Assumptions and Methodology, pages 162-165,

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

^Projected shifts to AH Steele Creek

^^Projected Shifts to Lake Norman

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

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY1 (CY 2028)	FY2 (CY 2029)	FY3 (CY 2030)
Atrium Health Pineville	110,642	114,279	118,035
Atrium Steele Creek	7,091	7,276	7,467
Atrium Health University City	41,493	42,102	42,716
Carolinas Medical Center	307,527	317,431	327,653
Atrium Health Mercy	64,770	66,852	69,001
Atrium Health Lake Norman	8,222	8,656	9,114
Projected Total Acute Care Bed Days	539,746	556,597	573,985
ADC	1,479	1,525	1,573
Total # of Beds	1,773	1,773	1,773
Occupancy %	83.4%	86.0%	88.7%

Source: Section Q, Form C, page 171, Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 88.7%. This meets the performance standard promulgated in 10A NCAC 14C .3803(5)(d), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at each of its existing hospitals.
- The applicant accounted for delays in development of some of its approved projects, adding acute care beds and patient days at the appropriate times.

Access to Medically Underserved Groups – In Section C, page 84, the applicant states:

“CMC provides services to all persons in need of medical care...

... ‘no individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’

In Section C, page 85, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	37.6%
Women	60.0%
Persons aged 65 and older	26.6%
Medicare beneficiaries	30.3%
Medicaid recipients	22.2%

In Section C, page 85, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, excluding neonatal beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

Patient Origin – On page 31, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area

for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

AH University City Current & Projected Patient Origin – Acute Care Beds								
County	Last FY (CY 2022)		FY 1 (CY 2026)		FY 2 (CY 2027)		FY 3 (CY 2028)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	6,060	80.8%	7,030	80.2%	7,011	79.8%	6,981	79.4%
Cabarrus	525	7.0%	634	7.2%	646	7.4%	659	7.5%
Gaston	188	2.5%	226	2.6%	231	2.6%	236	2.7%
Iredell	98	1.3%	118	1.3%	120	1.4%	122	1.4%
Other*	630	8.4%	760	8.7%	776	8.8%	792	9.0%
Total	7,500	100.0%	8,768	100.0%	8,784	100.0%	8,790	100.0%

Source: Section C, pages 39, 43

*Other includes other North Carolina counties and other states as listed on pages 39 and 43

In Section C, pages 41-43, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant’s assumptions are reasonable and adequately supported based on the following:

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

Analysis of Need

In Section C, pages 45-77, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Atrium Health University City remains the fastest growing among CMHA’s three hospitals in Mecklenburg County with a 10.7 percent compound annual growth rate of acute care days from CY 2019 to CY 2023. AH University City’s occupancy has continued to increase pre and post pandemic. (page 65)
- The applicant states it has relied on waivers to operate on temporary bed overflow status to accommodate bed need, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated more beds under the COVID-19 waiver than are permitted under temporary bed overflow status. (pages 45-46)
- AH University City’s utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day

and different times of year have higher censuses; the applicant states that AH University City is projected to operate at 112% occupancy of licensed beds in CY 2023. (page 46)

- The applicant states capacity issues have led to patients waiting in the Post-Anesthesia Care Unit (PACU) after surgery and even having to wait in an operating room because of lack of availability of space in the PACU. The applicant states that patients had to wait an average of 3.5 hours in the PACU for an available bed during CY 2023 so far. For CY 2023 so far, 600 patients have had to wait an average of 50 minutes in the operating room. The applicant states patients start recovering from anesthesia during that time and it is not standard practice to have patients begin recovery in an operating room. (pages 56-57)
- The applicant states capacity issues have regularly led to house patients staying overnight in emergency departments or ED overflow/holding areas before a bed is available for admission. These patients occupy emergency department rooms, which greatly reduces the efficiency and capacity of that department. (page 56)
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 12.0%, or a CAGR of 1.6%, between 2023 and 2030. The applicant further states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 73-76)

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

- The applicant provides historical data demonstrating increasing utilization of acute care beds at Atrium Health University City.
- The 2023 SMFP shows a deficit of 44 acute care beds at Atrium Health University City.
- The applicant identifies circumstances at AH University City that support its belief that it needs additional acute care bed capacity at AH University City, such as the impact of lack of space on surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

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

AH University City Acute Care Bed Historical/Projected Utilization				
	CY 2023[^]	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	95	121	121	121
# of Discharges	7,720	8,768	8,784	8,790
# of Acute Care Days	38,948	41,391	41,468	41,493
ALOS	5.0	4.7	4.7	4.7
Occupancy Rate	112.3%	93.7%	93.9%	93.9%

Source: Section Q, Form C.1a and C.1b, pages 148-149

[^]Annualized based on January 1, 2023 – June 31, 2023

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, pages 154-170, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applying historical seasonal utilization patterns from CY 2022.
- The applicant summarizes the growth rate assumptions that informed the projections in this application. These projected growth rates were applied to historical acute care days to project future utilization for each facility during the specified years (CY2024-CY2030). The applicant applies the county population growth rate of 1.7% to project utilization from CY2024 through each of the first three operating years of the project, CY2026-CY2028.
- Next, the applicant projected a shift of acute care days to Atrium Health Lake Norman, (Project ID #F-12010-20), a new 30 bed Atrium facility to the service area that is not yet operational. CMHA has assumed that Atrium Health Lake Norman will serve only a portion of inpatients from the Lake Norman service area that historically have sought care at a CMHA facility in Mecklenburg County. This shift is expected to begin in CY 2025 with the opening of the hospital and increase in subsequent years. The applicant states that CMHA is projecting 9,114 acute care days to shift to Atrium Health Lake Norman in CY 2030. A table is provided on page 161 illustrating the shift in volume from CY2025 through CY2030.
- Next, the applicant accounted for when its previously approved beds would become operational, adding them to AH University City’s bed counts and adjusting average daily census (ADC) and occupancy rates. See table on page 164 of the application.
- As shown in the table above, in the third operating year following project completion, the applicant projects that the utilization for all of its acute care beds at AH University City will be 93.9%. This meets the performance standard promulgated in 10A NCAC 14C.3803(3) which requires an applicant proposing to add new acute care beds to a service area to reasonably project that the occupancy rate of its existing, approved, and proposed acute care beds during the third full fiscal year of operation following completion of the project equals or exceeds the target occupancy percentage of 71.4% when the projected ADC is 100-200.

Atrium Health System

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

CMHA Total Projected Acute Care Utilization								
	Annualized	Interim		OY1	OY2	OY3		
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Lake Norman			1,854	3,709	5,857	8,222	8,656	9,114
AH Pineville	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek			2,461	3,367	5,183	7,091	7,276	7,467
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CMC	292,638	292,638	291,636	290,365	298,985	307,527	317,431	327,653
AH Mercy	56,159	57,994	59,622	61,311	63,023	64,770	66,852	69,001
Total Acute Care Days	489,820	495,508	501,455	507,585	523,414	539,746	556,597	573,985
Total ADC	1,342	1,358	1,374	1,391	1,434	1,479	1,525	1,573
Total Beds [^]	1,342	1,355	1,470	1,470	1,773	1,773	1,773	1,773
Occupancy %	100.0%	100.0%	93.5%	94.6%	80.9%	83.4%	86.0%	88.7%

Source: Section Q, Form C Assumptions and Methodology, page 169

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

** Source: Section Q, Form C.1a & C.1b

[^] Includes the development of 30 acute care beds at Atrium Health Lake Norman to become operational in CY 2025

The Atrium Health System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), and AH University City (including AH Lake Norman). Pursuant to 10A NCAC 14C .3803, an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients in the third full fiscal year following completion of the proposed project.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applied historical seasonal utilization patterns from CY 2022.
- The applicant provides a table, on page 156, showing historical utilization for each of its CHMA’s existing hospitals from CY2016 – CY2023 annualized and includes the CAGRs for each for both CY2016-CY2019, and CY2019-CY2023.
- The applicant states its health system’s utilization grew significantly due to the availability of temporary beds added by the COVID-19 waiver, resulting in a 5.4% CAGR from CY2019-CY2023. Since the waiver ended on May 11, 2023, and its hospitals are limited to adding no more than 10% of their licensed bed capacity under North Carolina temporary bed regulations, the applicant limited its growth until additional beds are developed at each facility. Stated in another way, hospital capacity is limited due to its existing bed capacity.

- Next, the applicant projects utilization for each of its existing hospitals, AH Pineville, AH University City, and AH Mercy from CY2024 through the first three fiscal years of the proposed project ending CY2030. The applicant provides a table illustrating the growth rates used for each year for each hospital on page 160 and explains its methodology for each hospital as discussed below.
 - AH Pineville, due to its limited ability to grow until additional beds are developed in CY2025, will grow at the Mecklenburg County population growth rate, 1.7%, until then. After that, to be conservative, the applicant applies the county growth rate multiplier of 3.25% which is less than the hospital’s more recent growth rate.
 - AH University City will grow at the Mecklenburg County population growth rate of 1.7% from CY2024 through CY2030. The applicant notes that the hospital will add beds in CY2024 and CY2025, but the applicant does not believe that added capacity will be enough to support the hospital’s historical growth rate that exceeds 10%.
 - For AH Mercy, the applicant applies the Mecklenburg County growth rate multiplier of 3.25% from CY2024 through CY2030 and states that discharges increased over the first half of CY2023 despite a decline in patient days over that period.
 - For Carolinas Medical Center, the applicant applies the Mecklenburg County growth rate multiplier of 3.25% from CY2024 through CY2030.

- Next, the applicant accounts for shifts in patients from all four of its existing hospitals to AH Lake Norman, beginning July 1, 2025, and consistent with previously approved projects, Project ID # F-12010-20, its cost overrun, Project ID # F-12319-23, and revised volumes provided upon settlement, as illustrated in the following table.

Projected Acute Care Days to Shift to Atrium Health Lake Norman by Facility of Origin						
	CY2025*	CY2026	CY2027	CY2028	CY2029	CY2030
		OY1	OY2	OY3		
Atrium Health Pineville	-47	-94	-148	-208	-219	-231
Atrium Health University City	-549	-1,098	-1,734	-2,434	-2,562	-2,698
CMC	-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Atrium Health Mercy	-257	-514	-811	-1,139	-1,199	-1,262
Atrium Health Lake Norman Total Days	-1,854	-3,709	-5,857	-8,222	-8,656	-9,114

Source: Section Q, Form C, page 161, Assumptions and Methodology

*Represents half of CY 2026 projected volume to account for a July 1, 2025 start date

- The applicant states that it accounts for AH Pineville’s approved additional acute care beds to be added in CY2025 (25 from Project ID# F-12147-21, and five from Project ID# F-12280-22) and the addition of 42 beds proposed in the concurrent application, Project ID# F-12446-23. A table illustrating projected utilization is provided on page 162.
 - In addition, AH Pineville was approved to relocate 26 beds from its main campus to an adjacent satellite campus, AH Steele Creek (Project ID# F-

- 12084-21). The applicant expects the shift in volume to begin in CY2025 and provides a table illustrating this on page 165.
- The applicant accounts for the above shift and its impact on AH Pineville's main campus as illustrated in the second table on page 165.
 - The applicant accounts for previously approved projects to add beds to AH University City, Project ID# F-12146-21 (add 8 beds) and Project ID# F-12282-22 (add 8 beds), and adds the 10 beds proposed in concurrent application, Project ID# F-12444-23. A table illustrating projected utilization is provided on page 164.
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 - The applicant states that projected utilization for AH Lake Norman is entirely comprised of shifted volume from CMHA's existing hospitals in Mecklenburg County. AH Lake Norman was added to the license of AH University City upon a material compliance approval issued by the Agency in September 2023. The applicant provides a table illustrating projected acute care days for AH University City, AH Lake Norman, and for both facilities combined on page 165.
 - The applicant provides tables on page 167 illustrating projected utilization for AH Mercy accounting for shifts of acute care days to AH Lake Norman and for CMC and AH Mercy combined, respectively.

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

Summary of Projected Shifts in Acute Care Days								
	Current			PY1	PY2	PY3		
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
CMC								
Acute Care Days	292,638	292,638	292,638	292,638	302,149	311,969	322,108	332,576
Projected Shifts^^			-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Adjusted Acute Care Days	292,638	292,638	291,636	290,635	298,985	307,527	317,431	327,653
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Projected Shifts^			-2,461	-3,367	-5,183	-7,091	-7,276	-7,467
Projected Shifts^^			-47	-94	-148	-208	-219	-231
Adjusted Acute Care Days	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek								
Acute Care Days			2,461	3,367	5,183	7,091	7,276	7,467
AH University City								
Acute Care Days	40,419	41,097	41,787	42,489	43,202	43,927	44,664	45,414
Projected Shifts^^			-549	-1,098	-1,734	-2,434	-2,562	-2,698
Adjusted Acute Care Days	40,419	41,097	41,238	41,391	41,468	41,493	42,102	42,716
AH Lake Norman								
Acute Care Days			1,854	3,709	5,857	8,222	8,656	9,114

Source: Section Q, Form C Assumptions and Methodology, pages 162-165,

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

^Projected shifts to AH Steele Creek

^^Projected Shifts to Lake Norman

Atrium Health System Summary – The following table illustrates projected utilization for all existing, approved, and proposed acute care beds at all Atrium hospitals in Mecklenburg County for the three operating years following project completion.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY1 (CY 2026)	FY2 (CY 2027)	FY3 (CY 2028)
Atrium Health Pineville	107,172	108,898	110,642
Atrium Steele Creek	3,367	5,183	7,091
Atrium Health University City	41,391	41,468	41,493
Carolinas Medical Center	290,635	298,985	307,527
Atrium Health Mercy	61,311	63,023	64,770
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	507,585	523,414	539,746
ADC	1,391	1,434	1,479
Total # of Beds	1,434	1,773	1,773
Occupancy %	94.6%	80.9%	83.4%

Source: Section Q, Form C, page 169, Assumptions and Methodology

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 83.4%. This meets the performance standard promulgated in 10A NCAC 14C .3803(a), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at each of its existing hospitals.
- The applicant accounted for delays in development of some of its approved projects, adding acute care beds and patient days at the appropriate times.

Access to Medically Underserved Groups – In Section C, page 83, the applicant states:

“Atrium Health University City provides services to all persons in need of medical care...

... ‘no individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’

In Section C, page 84, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	58.0%
Women	57.9%
Persons aged 65 and older	19.0%
Medicare beneficiaries	23.7%
Medicaid recipients	22.6%

In Section C, page 84, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

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

The following table illustrates historical and projected patient origin for Atrium Health Pineville.

Atrium Health Pineville Historical and Projected Patient Origin – Acute Care Beds								
County	Historical		FY 1 (CY 2026)		FY 2 (CY 2027)		FY 3 (CY 2028)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	7,399	39.4%	8,594	38.8%	8,665	38.5%	8,735	38.2%
York (SC)	6,347	33.8%	7,318	33.1%	7,350	32.7%	7,380	32.3%
Lancaster (SC)	1,934	10.3%	2,392	10.8%	2,488	11.1%	2,589	11.3%
Union	1,146	6.1%	1,416	6.4%	1,474	6.6%	1,533	6.7%
Gaston	357	1.9%	441	2.0%	459	2.0%	478	2.1%
Chester (SC)	300	1.6%	371	1.7%	387	1.7%	402	1.8%
Other*	1,296	6.9%	1,602	7.2%	1,667	7.4%	1,734	7.6%
Total	18,799	100.0%	22,134	100.0%	22,490	100.0%	22,851	100.0%

Source: Section C, pages 41 and 45

*Other includes other North Carolina counties and other states as listed on pages 41 and 45

In Section C, pages 43-45, the applicant provides the assumptions and methodology used to project patient origin. The applicant states projected patient origin is based on its historical patient origin with adjustments for projected shifts in patients. The applicant's assumptions are reasonable and adequately supported based on the following:

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

Analysis of Need

In Section C, pages 47-78, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The applicant states capacity issues have regularly led to housing patients overnight in emergency departments or ED overflow/holding areas before a bed is available for admission. These patients occupy emergency department rooms, which greatly reduces the efficiency and capacity of that department. (page 48)
- The applicant states capacity issues have led to patients waiting in the Post- Anesthesia Care Unit (PACU) after surgery and even having to wait in an operating room because of lack of availability of space in the PACU. The applicant states that patients had to wait an average of 3.5 hours in the PACU for an available bed during CY 2023 so far.
- For CY 2023 so far, 600 patients have had to wait an average of 50 minutes in the operating room. The applicant states patients start recovering from anesthesia during that time and it is not standard practice to have patients begin recovery in an operating room. (pages 58-59)
- AH Pineville's utilization rates are based on its midnight census, which is one of the least busy times of day at the hospital. The applicant states different times of day and different times of year have higher censuses; the applicant states that AH Pineville is projected to operate at 104.3 percent occupancy of licensed beds in CY 2023. (page 68)
- The applicant states it has relied on waivers to operate on temporary bed overflow status to accommodate bed need, including under Executive Order 130 and later under the COVID-19 bed waiver for the national public health emergency, which allowed hospitals to utilize as many beds as could be accommodated in hospital space when needed. The applicant states that it has operated more beds under the COVID-19 waiver than are permitted under temporary bed overflow status. (page 69)
- According to data from the North Carolina Office of State Budget and Management (NC OSBM) and South Carolina Revenue and Fiscal Affairs Office (SC RFA), the population of the area served by Mecklenburg County facilities is projected to grow by a total of 12.0%, or a CAGR of 1.6%, between 2023 and 2030. The applicant further

states that Mecklenburg and Union counties in NC and York County in SC are three of the fastest-aging counties in NC and SC for persons aged 65 and older, which means there is increased support for more acute care beds since older residents typically utilize healthcare services at higher rates than younger residents. (pages 75-78)

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

- The applicant provides historical data demonstrating increasing utilization of acute care beds at AH Pineville.
- The 2023 SMFP shows a deficit of 32 acute care beds at AH Pineville /Atrium Health Steele Creek.
- The applicant identifies circumstances at AH Pineville that support its belief that it needs additional acute care bed capacity at AH Pineville, such as the impact of lack of space for surgical patients waiting in the PACU and operating room, and median wait time in the ED for available acute care beds for hospital admission.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

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

AH Pineville Acute Care Bed Historical/Projected Utilization				
	CY 2023[^]	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	268	314	314	314
# of Discharges	19,798	22,134	22,490	22,851
# of Acute Care Days	102,065	107,172	108,898	110,642
ALOS	5.2	4.8	4.8	4.8
Occupancy Rate	104.3%	93.5%	95.0%	96.5%

Source: Section Q, Form C.1a and C.1b, pages 152-153

[^]Annualized based on January 1, 2023 – June 31, 2023

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, pages 156-172, the applicant provides the assumptions and methodology used to project utilization, which are summarized below. While AH Steele Creek is a campus of AH Pineville, and is under AH Pineville’s license, Atrium treats Steele Creek as a separate facility for purposes of projecting utilization.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applying historical seasonal utilization patterns from CY 2022.

- The applicant provides a table, on page 158, showing historical utilization for each of its CHMA's existing hospitals from CY2016 – CY2023 annualized and includes the CAGRs for each for both CY2016-CY2019, and CY2019-CY2023.
- The applicant states its health system's utilization grew significantly due to the availability of temporary beds added by the COVID-19 waiver, resulting in a 5.4% CAGR from CY2019-CY2023. Since the waiver ended on May 11, 2023, and its hospitals are limited to adding no more than 10% of their licensed bed capacity under North Carolina temporary bed regulations, the applicant limited its growth until additional beds are developed at each facility. Stated in another way, hospital capacity is limited due to its existing bed capacity.
- Next, the applicant projected a shift of acute care days to Atrium Health Lake Norman, (Project ID #F-12010-20), a new 30 bed Atrium facility to the service area that is not yet operational. CMHA has assumed that Atrium Health Lake Norman will serve only a portion of inpatients from the Lake Norman service area that historically have sought care at a CMHA facility in Mecklenburg County. This shift is expected to begin in CY 2025 with the opening of the hospital and increase in subsequent years. The applicant states that CMHA is projecting 9,114 acute care days to shift to Atrium Health Lake Norman by CY 2030, the third full fiscal year of the proposed AH Pineville project. A table is provided on page 163 illustrating the shift in volume from CY2025 through CY2030.
- Next, the applicant projected a shift of acute care days and beds to AH Steele Creek (Project ID# F-12084-21) which will begin in CY 2025. A table is provided on page 165 illustrating this shift in volume from CY 2025 through CY 2030.

As shown in the table above, in the third operating year following project completion, the applicant projects the occupancy rate for AH Pineville's existing, approved and proposed acute care beds will be 96.5%, which exceeds the performance standard promulgated in 10A NCAC.3803, which requires an applicant to have an occupancy rate of at least 75.2% when the projected ADC is 201 to 399.

Atrium Health System

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

CMHA Total Projected Acute Care Utilization								
	Annualized		Interim			OY1	OY2	OY3
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
AH Lake Norman			1,854	3,709	5,857	8,222	8,656	9,114
AH Pineville	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek			2,461	3,367	5,183	7,091	7,276	7,467
AH University City	38,948	41,097	41,238	41,468	41,468	41,493	42,102	42,716
CMC	292,638	292,638	291,636	290,365	298,985	307,527	317,431	327,653
AH Mercy	56,159	57,994	59,622	61,311	63,023	64,770	66,852	69,001
Total Acute Care Days	489,820	495,508	501,455	507,585	523,414	539,746	556,597	573,985
Total ADC	1,342	1,358	1,374	1,391	1,434	1,479	1,525	1,573
Total Beds^	1,342	1,355	1,470	1,470	1,773	1,773	1,773	1,773
Occupancy %	100.0%	100.0%	93.5%	94.6%	80.9%	83.4%	86.0%	88.7%

Source: Section Q, Form C Assumptions and Methodology, page 171

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

** Source: Section Q, Form C.1a & C.1b

^ Includes the development of 30 acute care beds at Atrium Health Lake Norman to become operational in CY 2025

The Atrium Health System in Mecklenburg County consists of CMC (including AH Mercy), AH Pineville (including AH Steele Creek), and AH University City (including AH Lake Norman). Pursuant to 10A NCAC 14C .3803, an applicant proposing to add new acute care beds to a service area must reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients in the third full fiscal year following completion of the proposed project.

- The applicant used CY 2023 annualized utilization as the starting point of projected utilization. The applicant states it calculated the annualized utilization by using January 2023 – June 2023 actual utilization and applied historical seasonal utilization patterns from CY 2022.
- The applicant provides a table, on page 158, showing historical utilization for each of its CHMA’s existing hospitals from CY2016 – CY2023 annualized and includes the CAGRs for each for both CY2016-CY2019, and CY2019-CY2023.
- The applicant states its health system’s utilization grew significantly due to the availability of temporary beds added by the COVID-19 waiver, resulting in a 5.4% CAGR from CY2019-CY2023. Since the waiver ended on May 11, 2023, and its hospitals are limited to adding no more than 10% of their licensed bed capacity under North Carolina temporary bed regulations, the applicant limited its growth until additional beds are developed at each facility. Stated in another way, hospital capacity is limited due to its existing bed capacity.
- Next, the applicant projects utilization for each of its existing hospitals, AH Pineville, AH University City, and AH Mercy from CY2024 through the first three fiscal years of the proposed project ending CY2030. The applicant provides a table illustrating the growth rates used for each year for each hospital on page 160 and explains its methodology for each hospital as discussed below.

- CMC, due to its limited ability to grow until additional beds are developed in CY2025, will grow at the Mecklenburg County population growth rate, 1.7%, until then. After that, to be conservative, the applicant applies the county growth rate multiplier of 3.25% which is less than the hospital’s more recent growth rate.
- AH University City will grow at the Mecklenburg County population growth rate of 1.7% from CY2024 through CY2030. The applicant notes that the hospital will add beds in CY2024 and CY2025, but the applicant does not believe that added capacity will be enough to support the hospital’s historical growth rate that exceeds 10%.
- For AH Mercy, the applicant applies the Mecklenburg County growth rate multiplier of 3.25% from CY2024 through CY2030 and states that discharges increased over the first half of CY2023 despite a decline in patient days over that period.
- Next, the applicant accounts for shifts in patients from all four of its existing hospitals to AH Lake Norman, beginning July 1, 2025, and consistent with previously approved projects, Project ID # F-12010-20, its cost overrun, Project ID # F-12319-23, and revised volumes provided upon settlement, as illustrated in the following table.

Projected Acute Care Days to Shift to Atrium Health Lake Norman by Facility of Origin						
	CY2025*	CY2026	CY2027	CY2028	CY2029	CY2030
Atrium Health Pineville	-47	-94	-148	-208	-219	-231
Atrium Health University City	-549	-1,098	-1,734	-2,434	-2,562	-2,698
CMC	-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Atrium Health Mercy	-257	-514	-811	-1,139	-1,199	-1,262
Atrium Health Lake Norman Total Days	-1,854	-3,709	-5,857	-8,222	-8,656	-9,114

Source: Section Q, Form C, page 163, Assumptions and Methodology

*Represents half of CY 2026 projected volume to account for a July 1, 2025 start date

- The applicant states that it accounts for AH Pineville’s approved additional acute care beds to be added in CY2025 (25 from Project ID# F-12147-21, and five from Project ID# F-12280-22) and the addition of 42 beds proposed in the concurrent application, Project ID# F-12446-23. A table illustrating projected utilization is provided on page 164.
 - In addition, AH Pineville was approved to relocate 26 beds from its main campus to an adjacent satellite campus, AH Steele Creek (Project ID# F-12084-21). The applicant expects the shift in volume to begin in CY2025 and provides a table illustrating this on page 165.
 - The applicant accounts for the above shift and its impact on AH Pineville’s main campus as illustrated in the second table on page 165.
- The applicant accounts for previously approved projects to add beds to AH University City, Project ID# F-12146-21 (add 8 beds) and Project ID# F-12282-22 (add 8 beds), and adds the 10 beds proposed in concurrent application, Project ID# F-12444-23. A table illustrating projected utilization is provided on page 166.

- The applicant notes, on page 166, that it artificially held total days due to capacity constraints from July to December 2023 so as not to exceed 110 percent occupancy which would otherwise result in exceeding temporary bed overflow capacity.
- The applicant states that projected utilization for AH Lake Norman is entirely comprised of shifted volume from CMHA’s existing hospitals in Mecklenburg County. AH Lake Norman was added to the license of AH University City upon a material compliance approval issued by the Agency in September 2023. The applicant provides a table illustrating projected acute care days for AH University City, AH Lake Norman, and for both facilities combined on page 167.
- The applicant provides tables on page 169 illustrating projected utilization for AH Mercy accounting for shifts of acute care days to AH Lake Norman and for CMC and AH Mercy combined, respectively.

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

Summary of Projected Shifts in Acute Care Days								
	Current	Interim				PY1	PY2	PY3
	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
CMC								
Acute Care Days	292,638	292,638	292,638	292,638	302,149	311,969	322,108	332,576
Projected Shifts^^			-1,002	-2,003	-3,164	-4,442	-4,676	-4,923
Adjusted Acute Care Days	292,638	292,638	291,636	290,635	298,985	307,527	317,431	327,653
AH Mercy								
Acute Care Days	56,169	57,994	59,879	61,825	63,834	65,909	68,051	70,263
Projected Shifts^^			-257	-514	-811	-1,139	-1,199	-1,262
Adjusted Acute Care Days			59,622	61,311	63,023	64,770	66,852	69,001
AH Pineville								
Acute Care Days	102,065	103,778	107,151	110,633	114,229	117,941	121,775	125,732
Projected Shifts^			-2,461	-3,367	-5,183	-7,091	-7,276	-7,467
Projected Shifts^^			-47	-94	-148	-208	-219	-231
Adjusted Acute Care Days	102,065	103,778	104,643	107,172	108,898	110,642	114,279	118,035
AH Steele Creek								
Acute Care Days			2,461	3,367	5,183	7,091	7,276	7,467
AH University City								
Acute Care Days	40,419	41,097	41,787	42,489	43,202	43,927	44,664	45,414
Projected Shifts^^			-549	-1,098	-1,734	-2,434	-2,562	-2,698
Adjusted Acute Care Days	40,419	41,097	41,238	41,391	41,468	41,493	42,102	42,716
AH Lake Norman								
Acute Care Days			1,854	3,709	5,857	8,222	8,656	9,114

Source: Section Q, Form C Assumptions and Methodology, pages 162-165

*CY 2023 annualized utilization – based on January 2023 – June 2023 actual utilization and CY 2022 historical seasonal utilization.

^Projected shifts to AH Steele Creek

^^Projected Shifts to Lake Norman

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

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY1 (CY 2026)	FY2 (CY 2027)	FY3 (CY 2028)
Atrium Health Pineville	107,172	108,898	110,642
Atrium Health Steele Creek [^]	3,367	5,183	7,091
Atrium Health University City	41,391	41,468	41,493
Carolinas Medical Center	290,635	298,985	307,527
Atrium Health Mercy ^{^^}	61,311	63,023	64,770
Atrium Health Lake Norman	3,709	5,857	8,222
Projected Total Acute Care Bed Days	507,585	523,414	539,746
ADC	1,391	1,434	1,479
Total # of Beds	1,470	1,773	1,773
Occupancy %	94.6%	80.9%	83.4%

Source: Section Q, Form C, page 171, Assumptions and Methodology

[^] Atrium Health Steele Creek is licensed under Atrium Health Pineville.

^{^^} Atrium Health Mercy is licensed under CMC.

^{^^^} Atrium Health Lake Norman is licensed under Atrium Health University City

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for all acute care beds owned by the applicant in Mecklenburg County will be 83.4%. This meets the performance standard promulgated in 10A NCAC 14C .3803(5), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400.

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

- The applicant relied on historical utilization to project future utilization.
- The applicant used reasonable and adequately supported assumptions which were also consistent with previously approved acute care bed projects to project future utilization.
- The applicant used a lower growth rate than the historical growth rate to project utilization at each of its existing hospitals.
- The applicant accounted for delays in development of some of its approved projects, adding acute care beds and patient days at the appropriate times.

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

“Atrium Health Pineville provides services to all persons in need of medical care...

... 'no individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of the Carolinas HealthCare System on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.'

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

Medically Underserved Groups	% of Total Patients
Racial and ethnic minorities	33.2%
Women	57.1%
Persons aged 65 and older	31.1%
Medicare beneficiaries	34.2%
Medicaid recipients	14.2%

In Section C, page 86, the applicant states it does not keep data on low-income persons and persons with disabilities, but they are not denied access to services.

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

The following projects involving acute care beds at NH Presbyterian are approved and under development:

- Project ID F-7648-06, Novant Health was approved to add 14 approved acute care beds at Novant Health Mint Hill in Phase 2. In November 2020, The Agency granted Novant Health Material Compliance Approval to place these beds at NHPMC. Twelve of the beds will be developed as NICU beds and two of the beds will be developed as general med/surg beds.
- F-12144-21: Add 15 acute care beds.
- F-12293-22: Add 14 acute care beds.

Patient Origin – On page 32, the 2023 SMFP defines the service area for acute care beds as “... the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

Historical and Projected Patient Origin – Acute Care Services								
Area	CY 2022		FY 1 (CY 2026)		FY 2 (CY 2027)		FY 3 (CY 2028)	
	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total	# Patients	% of Total
Mecklenburg	18,448	68.5%	20,022	68.5%	21,232	68.5%	22,044	68.5%
Union	1,363	5.1%	1,545	5.1%	1,569	5.1%	1,629	5.1%
Gaston	1,247	4.6%	1,414	4.6%	1,435	4.6%	1,490	4.6%
York (SC)	1,149	4.3%	1,303	4.3%	1,323	4.3%	1,373	4.3%
Cabarrus	798	3.0%	905	3.0%	918	3.0%	953	3.0%
Rowan	759	2.8%	861	2.8%	874	2.8%	907	2.8%
Iredell	600	2.2%	680	2.2%	690	2.2%	717	2.2%
Lincoln	318	1.2%	361	1.2%	366	1.2%	380	1.2%
Other*	2,251	8.4%	2,552	8.4%	2,591	8.4%	2,690	8.4%
Total	26,933	100.0%	29,231	100.0%	30,999	100.0%	32,184	100.0%

Source: Section C, pages 30 & 32

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

In Section C, page 33, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported because the applicant’s projected patient origin is based on historical patient origin at the same facility.

Analysis of Need – In Section C, pages 34-52, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

Historical Growth of Inpatient Volumes at NHPMC

On page 39, the applicant states,

“Utilization at NHPMC (and across the Novant Health system) has been impacted by the COVID-19 pandemic. Novant Health FY2021 and FY2022 days of care were elevated by intermittent surges in COVID-19 hospitalizations and the rebounding of inpatient volumes from elective procedures delayed during FY2020. NHPMC’s FFY2023 acute care utilization has stabilized while still reflecting growth in utilization compared to pre-pandemic volumes. During the most recent five years (FFY2018-FFY2023), NHPMC’s inpatient days of care increased by a CAGR of 4.0 percent.”

Increasing Acuity and Length of Stay

On page 41, the applicant states,

“During the last five years, NHPMC’s ALOS (excluding NICU) increased more than 14% from 4.2 in FY2018 to 4.8 in FY2023. While COVID-19 hospitalizations may have a longer ALOS compared to non-COVID patients, COVID patients comprise less than three percent of NHPMC’s inpatient discharges during FY2023. While Novant Health continuously endeavors to explore ways to decrease average length of stay, it does not anticipate that NHPMC will experience a substantial decrease in ALOS in the near future given its broad scope of services and increasing patient acuity.”

NHPMC Trauma Center Designation

On page 43, the applicant states,

*“North Carolina has developed an inclusive trauma system that is organized, multi-disciplinary and evidence-based in its approaches to providing quality care and improving measurable outcomes for all defined injured patients. As one of eight Level III Trauma Centers in North Carolina, NHPMC plays a critical role in meeting complex acute care needs for residents of the Charlotte-Metro area and beyond. NHPMC is a regional referral center for Novant Health’s community hospitals as well as other community hospitals in the region...
... NHPMC expects to achieve designation as a Level II Trauma Center during 2024, which will further increase demand for NHPMC’s acute inpatient services. NHPMC’s trauma leadership team estimates the addition of several hundred annual inpatient admissions will occur at NHPMC subsequent to designation as a Level II Trauma Center.”*

Novant Health Physician Recruitment

On pages 44-45, the applicant states,

“Growth at NHPMC has also been the result of physician recruitment and investments in expanding service lines that lead to more clinically complex patients

and additional acute care utilization through market share capture. Acute care growth at NHPMC is due in part to the expansion of surgical specialties, critical care services and cardiac services. NHPMC is now treating more clinically complex patients and accommodating a wider range of patient needs. The result has been an increase in the demand for procedures, diagnostic studies, surgery, and acute care admissions. NHPMC's ability to treat more complex patients grew because it added physicians, technology, and expanded services. Projected acute care growth at NHPMC is due in part to the expansion of surgical specialties, critical care services, and cardiac services."

Projected Population Growth in the Service Area

On page 46, the applicant states,

"NCOSBM [NC Office of State Budget and Management] projects Mecklenburg County will grow by a CAGR of 1.7 percent during the next five years, or 102,576 additional residents, from 2023 to 2028. This growth rate is higher than the projected statewide annual growth rate of 1.1 percent from 2023 to 2028. Acute healthcare encounters vary by age, with older adults the highest users of most services. Older adults have greater vulnerability to acute stress than younger individuals due to age-related diminution of physiologic reserves. This vulnerability is compounded by the greater prevalence of chronic disease (e.g., hypertension, chronic kidney disease, and heart failure) in older adults."

In addition, on pages 47-48, the applicant states that the 65+ age group in Mecklenburg County is expected to increase by a CAGR of 4.2 percent during the next five years, thus increasing demand for acute care services.

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

- The applicant uses verifiable historical data from NH Presbyterian to support its belief that it needs additional acute care bed capacity at NH Presbyterian.
- The applicant identifies circumstances at NH Presbyterian that support its belief that it needs additional acute care bed capacity at NH Presbyterian, such as the 14% increase in ALOS (excluding NICU) from 4.2 in FY2018 to 4.8 in FY2023.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

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

NH Presbyterian Historical & Projected Utilization – Acute Care Beds				
	CY 2022	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	481	530	530	530
# of Discharges	26,933	29,231	30,999	32,184
# of Patient Days	132,505	143,813	152,508	158,339
ALOS (in days)	4.9	4.9	4.9	4.9
Occupancy Rate	75.5%	74.3%	78.8%	81.9%

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

The applicant provided historical and projected utilization for Novant Health Mecklenburg County facilities excluding NICU beds due to the changes in the 2023 SMFP acute care bed methodology which excludes NICU beds.

- The applicant incorporated its utilization projections from previously-approved projects to project utilization system-wide and the impacts on NH Presbyterian.
 - Project ID #F-7648-06: The applicant was approved to add 14 acute care beds at Novant Health Mint Hill. In October 2020, Novant Health filed a material compliance request and received Agency approval to place these beds at NHPMC.
 - Project ID #F-11993-20: The applicant’s assumptions and methodology used to project utilization at Novant Health Steele Creek (NH Steele Creek) have remained the same. This facility is scheduled to open in October 2025.
 - Project ID #F-11625-18: The applicant’s assumptions and methodology used in this project approving the relocation of 36 acute care beds at Novant Health Presbyterian Medical Center to develop Novant Health Ballantyne Medical Center have remained the same. This facility became operational in June 2023.

Novant Health System Acute Care Beds

Step 1: Adopt Projections in CON Project ID #F-11993-20 (Novant Health Steele Creek Application)

The applicant projected acute care discharges and days at Novant Health Steele Creek and the projected percentage of acute care discharges at Novant Health Steele Creek shifted from existing Novant Health Mecklenburg hospitals through CY 2028. Because more recent data unaffected by the impact of COVID-19 are limited, the applicant believes these projections are still reasonable and provides its assumptions and methodology in Exhibit Q.1.

Step 2: Adopt Novant Health Ballantyne Projections in CON Project ID F-11808-19

The applicant filed a CON Application and was approved for twenty additional acute care beds at Novant Health Matthews in Project ID #F-11808-19. In that application, the applicant updated the acute care utilization projections for Novant Health Ballantyne. The applicant believes the projections are still reasonable for this project provides its assumptions and methodology in Exhibit Q.1. Additionally, applicant states,

“In Project ID F-11807-19, Novant Health Ballantyne was expected to open by January 2023. Novant Health Ballantyne opened June 2023. To account for the facility opening date and approximately one-half of a year of operation, Novant Health adjusted CY2023 utilization at Novant Health Ballantyne based on one-half of CY2023 projected utilization ($6,468 \times .5 = 3,234$). To project utilization during CY2024, Novant Health combined 50 percent of CY2023 utilization and 50 percent of CY2024 utilization. Novant Health utilized this methodology to project utilization during CY2025 and CY2026. Novant Health projects utilization beyond Novant Health Ballantyne’s initial three project years will remain consistent with the approved CY2026 utilization.”

Step 3: Project Baseline Acute Care Discharges for Novant Health Presbyterian, Novant Health Huntersville, and NH Matthews

The applicant states that some acute care patients are expected to shift from existing hospitals to Novant Health Ballantyne and Novant Health Steele Creek. To determine the baseline acute days of care before the shift, the applicant analyzed historical acute care utilization at Novant Health Presbyterian, Novant Health Huntersville, and Novant Health Matthews. The applicant states that utilization at NHPMC, and across the entire Novant Health system, has been impacted by the COVID-19 pandemic. NHPMC FY2021 and FY2022 days of care were elevated by intermittent surges in COVID-19 hospitalizations and the rebounding of inpatient volumes from elective procedures delayed during FY2020. NHPMC’s FFY2023 acute care utilization has stabilized while still reflecting growth in utilization compared to pre-pandemic volumes. The applicant projects “Baseline” acute care days of care at NHPMC using its facility-specific FFY18-FFY23 annualized inpatient days of care (excluding NICU) CAGR (4.0%) and then adjusts for the shift of acute care days of care to Novant Health’s new community hospitals described in Steps 1 and 2 above. The applicant believes this growth rate is reasonable and supported by the historical utilization at NHPMC.

Step 4: Project Acute Care Days of Care at existing Novant Health Hospitals after Shifts to Novant Health Steele Creek and Novant Health Ballantyne

The applicant projected baseline acute care discharges less the shifts of acute care discharges to Novant Health Steele Creek and Novant Health Ballantyne, as illustrated in the tables below.

Novant Health Inpatient Days of Care (excluding NICU) After Shifts to Novant Health Steele Creek and Novant Health Ballantyne						
	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Presbyterian Days of Care	131,533	136,806	142,291	147,996	153,930	160,102
Shift to NH Ballantyne	993	2,236	2,751	3,064	0	0
Shift to NH Steele Creek	--	--	179	1,119	1,422	1,762
NH Presbyterian Days of Care	130,540	134,571	139,361	143,813	152,508	158,339

	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Huntersville Days of Care	32,194	33,650	35,172	36,763	38,426	40,164
Shift to NH Ballantyne	10	22	27	30	0	0
Shift to NH Steele Creek	--	--	9	56	71	88
NH Huntersville Days of Care	32,184	33,628	35,136	36,677	38,355	40,076

	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Matthews Days of Care	41,341	42,481	43,654	44,858	46,096	47,368
Shift to NH Ballantyne	906	2,039	2,509	2,795	0	0
Shift to NH Steele Creek	--	--	18	112	142	176
NH Matthews Days of Care	40,435	40,442	41,127	41,952	45,954	47,192

Source: Section Q, Form C Methodology and Assumptions, page 124

Step 5: Project Acute Care Discharges (excluding NICU) at NHPMC, NHHMC, and NHMMC

The applicant projects acute care discharges based on the facility specific ALOS during FY2023 annualized.

	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Presbyterian Days of Care	130,540	134,571	139,361	143,813	152,508	158,339
NH Presbyterian ALOS	4.9	4.9	4.9	4.9	4.9	4.9
NH Presbyterian Discharges	26,533	27,353	28,326	29,231	30,999	32,184

	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Huntersville Days of Care	32,184	33,628	35,136	36,677	38,355	40,076
NH Huntersville ALOS	4.0	4.0	4.0	4.0	4.0	4.0
NH Huntersville Discharges	8,060	8,422	8,799	9,185	9,605	10,036

	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
NH Matthews Days of Care	40,435	40,442	41,127	41,952	45,954	47,192
NH Matthews ALOS	4.5	4.5	4.5	4.5	4.5	4.5
NH Matthews Discharges	8,939	8,940	9,091	9,274	10,158	10,432

Source: Section Q, Form C Methodology and Assumptions, page 125

Step 6: Project Acute Care Utilization for Novant Health Mint Hill

The applicant provides historical utilization in the table below.

Year	Discharges	Days	ALOS
FFY2019	2,280	6,382	2.8
FFY2020	2,793	7,391	2.6
FFY2021	3,555	11,112	3.1
FFY2022	3,309	11,698	3.5
FFY2023	2,888	8,820	3.1
19-22 CAGR	6.1%	8.4%	

Source: Section Q, Form C Methodology and Assumptions, page 126

The applicant then projected acute care utilization at Novant Health Mint Hill by utilizing FFY2023 annualized actual acute care discharges and days, and then applied the Mecklenburg County population growth rate (1.1%) each year through 2028.

Novant Health Mint Hill Medical Center Inpatient Days of Care (excluding NICU)							
	Growth Rate	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	FFY2028
Days of Care	1.1%	8,914	9,010	9,106	9,204	9,302	9,402

Source: Section Q, Form C Methodology and Assumptions, page 126

The applicant then converted inpatient days from Full Fiscal Year to Calendar Year using the formula $CY = (FY \times 75\%) + [(FY+1) \times 25\%]$.

Baseline Inpatient Days of Care Adjusted to Calendar Year						
	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
Days of Care	8,844	8,938	9,034	9,131	9,228	9,327

Source: Section Q, Form C Methodology and Assumptions, page 127

The applicant projected acute care discharges at NHMHMC based on the facility specific ALOS during FY2023 annualized (3.1).

NH Mint Hill Inpatient Days of Care & Discharges (excluding NICU)					
	CY2024	CY2025	CY2026	CY2027	CY2028
NH Mint Hill Days of Care	8,938	9,034	9,131	9,228	9,327
NH Mint Hill ALOS	3.1	3.1	3.1	3.1	3.1
NH Mint Hill Discharges	2,926	2,958	2,989	3,021	3,054

Source: Section Q, Form C Methodology and Assumptions, page 127

Step 7: Project Novant Health System Acute Care Days

The table below summarizes the calculation of projected Novant Health acute care days for its existing and approved facilities in Mecklenburg County during the third project year (CY2028).

Novant Health Mecklenburg County Facility Acute Care Days, CY2028	
Novant Health System - Mecklenburg County	CY2028
Novant Health Presbyterian	158,339
Novant Health Matthews	47,192
Novant Health Huntersville	40,076
Novant Health Mint Hill	9,327
Novant Health Ballantyne	10,137
Novant Health Steele Creek	8,812
Novant Health System - Mecklenburg County	273,884
Licensed Beds (excluding NICU)	947
Novant Health System - Mecklenburg County Occupancy	79.2%

Source: Section Q, Form C Methodology and Assumptions, page 127

As shown in the table above, in the third full fiscal year following project completion, the applicant projects the utilization for all acute care beds owned by the applicant in Mecklenburg County will be 79.2%. This meets the performance standard promulgated in 10A NCAC 14C .3803(5)(d), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400 patients.

In Section Q, Form C.1b, page 111, during in the third full fiscal year following project completion, the applicant projects the utilization for acute care beds at NH Presbyterian will be 81.9%. This meets the performance standard promulgated in 10A NCAC 14C .3803(3), which requires an applicant proposing to add new acute care beds to a service area to reasonably project that all acute care beds in the service area under common ownership will have a utilization of at least 78.0% when the projected ADC is greater than 400.

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

- The applicant provided historical and projected utilization for Novant Health Mecklenburg County facilities excluding NICU beds due to the changes in the 2023 SMFP acute care bed methodology which excludes NICU beds.
- The applicant included data from previously approved projects in addition to updated historical data to project acute care days for all facilities through CY2028. The applicant relies on assumptions consistent with previously approved projects to project future utilization, and there have been no changes that would make reliance on those assumptions in previously approved projects unreasonable.
- The applicant calculated and applied historical facility-specific growth rates to project acute care days at NH Presbyterian, NH Huntersville, and NH Matthews and used a growth rate of 4.0%,

- The applicant projected baseline acute care discharges less the shifts of acute care discharges to Novant Health Steele Creek and Novant Health Ballantyne through the third operating year CY2028.
- The applicant uses FFY 2023 annualized utilization as the starting point for calculations at NH Presbyterian, NH Huntersville, and NH Matthews.
- The applicant uses facility specific ALOS from FY2023 annualized to project acute care discharges.
- The applicant's projections for acute care days at NH Presbyterian assume that it will provide 143,813 acute care days (excluding NICU days) in CY 2026, after a shift of 3,064 acute care days to NH Ballantyne and a shift of 1,119 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Huntersville assume that it will provide 36,677 acute care days (excluding NICU days) in CY 2026, after a shift of 30 acute care days to NH Ballantyne and a shift of 56 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Matthews assume that it will provide 41,952 acute care days (excluding NICU days) in CY 2026, after a shift of 2,795 acute care days to NH Ballantyne and a shift of 112 acute care days to NH Steele Creek.
- The applicant's projections for acute care days at NH Mint Hill are conservative because the application uses the Mecklenburg County population growth rate of 1.1% CY2023-CY2028 instead of using the facility's historical growth rate of 8.4% from FFY2019-FFY2023.

The applicant uses growth rates that are consistent with or more conservative than the historical growth rates for each facility.

Access to Medically Underserved Groups – In Section C, pages 56-57, the applicant describes how it will provide access to medically underserved groups. On page 56, the applicant states:

“Novant Health has been recognized by organizations such as the Human Rights Campaign (HRC) Foundation and the Centers for Medicare & Medicaid Services for its efforts to promote health equity and reduce healthcare disparities. Novant Health's Department of Equity and Inclusion is committed to ensuring equity such that each person has the appropriate access to opportunities and resources to attain their highest quality of life. ...

...the Novant Health Charity Care policies and Business Office policies...do not require any financial payment for individuals requiring an urgent or emergent

admission for care as determined to be medically necessary by an admitting physician. Novant Health adheres to a series of Charity Care and related policies that create the framework for access to services by patients with limited financial means (Charity Care, Uninsured Discount, and Catastrophic Settlement Policies).”

On page 57, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	% of Total Patients
Low-income persons	19.1%
Racial and ethnic minorities	39.8%
Women	51.7%
Persons aged 65 and older	29.3%
Medicare beneficiaries	29.3%
Medicaid recipients	19.1%

In Section C, page 57, the applicant states it does not keep data on persons with disabilities, but they are not denied access to services.

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

- The applicant provides its Patient Accessibility Policies in Exhibit C.6.
- The applicant provides its Patient Financial Policies in Exhibit L.4.
- The applicant is one of only two health systems in the country to be accredited in the National Committee for Quality Assurance’s new Health Equity Accreditation Plus program.

Conclusion – The Agency reviewed the:

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

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

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

NA – All Applications

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

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

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

University City and AH Pineville being proposed concurrently; therefore, this was not an effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

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

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients, would restrict future growth, and doesn’t provide relief from the inability to place patients in beds; therefore, this was not an effective alternative.
- Develop a Different Number of Beds: the applicant states that developing fewer acute care beds would not meet the need for additional capacity and developing more acute care beds would prevent the development of additional acute care bed capacity at CMC and AH Pineville being proposed concurrently, and would require new construction; therefore, this was not an effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

In Section E, pages 98-99, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in continued delays in treatment for patients, would provide limited options to accommodate future growth, and is not a realistic option; therefore, this was not an effective alternative.
- Develop a Different Number of Beds at Atrium Health Pineville: the applicant states developing fewer than 42 acute care beds would not meet the need for additional capacity for future growth and would be less effective. Developing more than 42 beds would prevent the development of all of the needed beds proposed in the concurrent applications. Additionally, development of the additional 42 acute care beds will be accomplished in a resource-responsible manner as the beds are being developed in an existing space; therefore, this was not an effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

In Section E, pages 67-68, the applicant describes the alternatives considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states the projected growth in acute care days requires additional beds to provide access; therefore, this was not an effective alternative.
- Develop a Different Number of Acute Care Beds: the applicant states the proposed number of beds is based on the physical capacity of the facility, projected patient demand, a balance between licensed beds and observation beds, and the number of beds needed based on the SMFP. The applicant states the existing facility can accommodate 54 additional acute care beds at this time; therefore, this was not an effective alternative.
- Construct New Space at NH Presbyterian to Accommodate Additional Beds: the applicant states existing buildings on the NH Presbyterian campus could be replaced to add acute care bed capacity, but the time and costs involved are far greater than the time and costs to develop beds in existing space that is up to code. The applicant further states adding beds in the existing facility allows it to replace other buildings on campus

based on community growth, while retaining flexibility and minimizing costs. Therefore, this was not an effective alternative.

- Develop Additional Acute Care Beds at a Different Location: the applicant states it has relocated acute care beds and operating rooms to develop smaller community hospitals and has been approved to develop new acute care beds and operating rooms for new community hospitals. The applicant states that developing beds at NH Presbyterian will ensure adequate access for patients that need advanced services not offered by Novant community hospitals; therefore, this was not an effective alternative.

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

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion – The Agency reviewed the:

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

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

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

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

Site Prep/Construction Contract/Landscaping	\$106,520,000
Architect/Engineering Fees	\$9,671,000
Medical Equipment	\$11,443,000
Non-Medical Equipment	\$519,000
Furniture	\$1,199,000
Consultant/Legal Fees	\$220,000
Financing Costs	\$692,683
Interest During Construction	\$10,368,670
Other (Info Systems, Internal allocation, security)	\$20,687,000
Total	\$161,320,353

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

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

In Section F, page 102, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because CMC is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 100, the applicant states the entire projected capital expenditure of \$161,320,353 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 16, 2023, from the Interim Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Consolidated Financial Statements and Other Financial Information for the year ending December 31, 2022. According to the Basic Financial Statements, as of December 31, 2022, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

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

Projected Revenues and Operating Expenses – CMC Acute Care Beds			
	1st Full FY CY 2028	2nd Full FY CY 2029	3rd Full FY CY 2030
Total Discharges	46,895	48,405	49,964
Total Gross Revenues (Charges)	\$1,404,159,717	\$1,492,863,778	\$1,587,162,446
Total Net Revenue	\$372,787,168	\$396,337,007	\$421,372,146
Total Net Revenue per discharge	\$7,949	\$8,188	\$8,434
Total Operating Expenses (Costs)	\$369,936,870	\$390,716,883	\$412,806,853
Total Operating Expenses per discharge	\$7,889	\$8,072	\$8,262
Net Income/(Losses)	\$2,850,298	\$5,620,124	\$8,565,293

^ Source: Section Q, Form C.1b, page 143 & page 171, CMHA Mecklenburg County Facilities Projected Utilization

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

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

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

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

Construction Renovation Contract	\$3,401,000
Architect/Engineering Fees	\$432,000
Medical Equipment	\$1,041,000
Non-Medical Equipment	\$41,000
Furniture	\$176,000
Consultant/Legal Fees	\$120,000
Financing Costs	\$32,219
Interest During Construction	\$127,996
Other (Info Systems, Internal allocation, security)	\$1,778,000
Total	\$7,149,215

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

- In Section Q immediately following Form F.1a, the applicant provides assumptions about costs included in the calculation of each line item in the projected capital cost.

- The applicant states much of the projections are based on Atrium's experience or the project architect's experience in developing similar projects.
- In Exhibit F.1, the applicant provides a cost estimate from a licensed architect that matches the amounts listed in Form F.1a.

In Section F, pages 100-101, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because AH University City is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 98, the applicant states the entire projected capital expenditure of \$7,149,215 will be funded with Atrium's accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 16, 2023, from the Interim Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium's Consolidated Financial Statements and Other Financial Information for the year ending December 31, 2022. According to the Basic Financial Statements, as of December 31, 2022, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

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

Projected Revenues and Operating Expenses – AH University City Acute Care Beds			
	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Total Discharges [^]	9,730	10,304	10,923
Total Gross Revenues (Charges)	\$171,387,929	\$176,859,045	\$182,275,119
Total Net Revenue	\$45,688,580	\$47,147,070	\$48,590,887
Total Net Revenue per discharge	\$4,696	\$4,576	\$4,448
Total Operating Expenses (Costs)	\$42,635,671	\$43,930,049	\$45,212,207
Total Operating Expenses per discharge	\$4,382	\$4,263	\$4,139
Net Income/(Losses)	\$3,052,909	\$3,217,021	\$3,378,680

[^] Source: Section Q, page 149, inclusive of AH Lake Norman projected discharges

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported bases on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

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

Construction/Renovation Contract(s)	\$16,496,000
Architect/Engineering Fees	\$700,000
Medical Equipment	\$5,100,000
Furniture	\$760,000
Consultant/Legal Fees	\$115,000
Financing Costs	\$139,132
Interest During Construction	\$604,709
Other (Info Systems, Internal allocation, security)	\$7,010,000
Total	\$30,924,841

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

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

In Section F, page 102, the applicant states that there are no projected start-up expenses or initial operating expenses because the project does not involve a new service. This information is reasonable and adequately supported because Atrium Health Pineville is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 100, the applicant states the entire projected capital expenditure of \$30,924,841 will be funded with Atrium’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 16, 2023, from the Interim Chief Financial Officer for Atrium, stating that Atrium has sufficient accumulated reserves

to fund the projected capital cost and committing to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium’s Consolidated Financial Statements and Other Financial Information for the year ending December 31, 2022. According to the Basic Financial Statements, as of December 31, 2022, Atrium had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

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

Projected Revenues and Operating Expenses – Atrium Health Pineville Acute Care Beds			
	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Total Discharges [^]	22,134	22,490	22,851
Total Gross Revenues (Charges)	\$449,188,149	\$470,113,157	\$491,972,873
Total Net Revenue	\$106,618,856	\$111,585,596	\$116,774,197
Total Net Revenue per discharge	\$4,817	\$4,962	\$5,110
Total Operating Expenses (Costs) ^{^^}	\$106,245,914	\$110,853,824	115,667,143
Total Operating Expenses per discharge	\$4,800	\$4,929	\$5,062
116774197Net Income/(Losses)	\$372,942	\$731,772	\$107,054

[^] Source: Section Q, Form C.1b, page 153

^{^^} In Form F.2 Acute Care Beds Assumptions information, the applicant states it demonstrates projected net income excluding bond financing because of its intention to fund the project with accumulated reserves. Thus, interest expense from Form F.3b has been removed from this line.

In Section F, page 100, the applicant states that they expect to fund the proposed project with accumulated reserves but has conservatively included financing costs in the event the proposed project is funded with bond financing. In Section Q, Form F.2b, page 176, the applicant has provided an addendum to their performa that projects revenues and income upon project completion should they proceed with bond financing.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Forms F.2 and F.3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant based its projections on its own historical experience.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

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

Construction/Renovation Contract(s)	\$625,000
Architect / Engineering Fees	\$34,800
Non-Medical Equipment	\$54,000
Furniture	\$180,000
Consultant Fees	\$35,000
Contingency	\$65,016
Total	\$993,816

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

- The applicant provides information on what costs are included in the calculation of each line item in the projected capital cost.
- In Exhibit F.1, the applicant provides a letter from a licensed architect that explains the details behind the capital cost projections and why the projections are reasonable.

In Section F, page 71, the applicant states there will be no working capital costs because NH Presbyterian is an existing and operational facility that currently offers the services proposed in this application. This information is reasonable and adequately supported because NH Presbyterian is an existing hospital and will continue to operate during and after development of the proposed project.

Availability of Funds – In Section F, page 69, the applicant states the entire projected capital expenditure of \$993,816 will be funded by Novant’s accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated October 2, 2023, from the Senior Vice President of Operational Finance & Revenue Cycle for Novant, stating that Novant has sufficient accumulated reserves to fund all projected capital costs and committing to providing that funding to develop the proposed project.

Exhibit F.2 also contains a copy of the audited Consolidated Financial Statements and Supplemental Information for Novant Health, Inc. and Affiliates for the years ending December 31, 2022, and 2021. According to the audited Consolidated Financial Statements, as of December 31, 2022, Novant had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

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

NH Presbyterian Revenues and Operating Expenses – Acute Care Services			
	1st Full FY CY 2026	2nd Full FY CY 2027	3rd Full FY CY 2028
Number of Discharges [^]	29,231	30,999	32,184
Total Gross Revenues (Charges)	\$1,804,381,610	\$1,970,879,611	\$2,107,621,370
Total Net Revenue	\$535,257,511	\$584,648,009	\$625,211,520
Total Net Revenue per Discharge	\$18,311	\$18,860	\$19,426
Total Operating Expenses (Costs)	\$532,520,224	\$573,535,141	\$603,655,769
Total Operating Expense per Discharge	\$18,218	\$18,502	\$18,756
Net Income/(Losses)	\$2,737,287	\$11,112,867	\$21,555,751

[^]Source: Section Q, Form C.1b, page 111

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

- The applicant clearly details the sources of information it uses to make its projections.
- The applicant provides a reasonable explanation of the historical information it used and why it was used to make projections.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.

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

C – All Applications

The 2023 SMFP includes a need determination for 164 acute care beds in the Mecklenburg County service area.

On page 32, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,502 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
AH Lake Norman	0/30
AH Pineville*	268/30
AH University City	95/16
CMC-Main**	979/191
Atrium Total	1,342/267
NH Ballantyne Medical Center	0/36
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/7
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
Novant Total	786/107
Mecklenburg County Total	2,128/374

Source: Table 5A, 2024 SMFP

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

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

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

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

“The 2023 SMFP includes a need determination for 164 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2023 SMFP identifies the total system-wide need for [Atrium] as 159 acute care beds.

... While CMC has additional beds still under development, projections included in Form C show that without the additional beds proposed in this application, CMC will be forced to operate in the future as it does today – at maximum capacity with no room to accommodate continued patient demand.”

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

- There is a need determination in the 2023 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds in Mecklenburg County. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

In Section G, page 108, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Mecklenburg County. On page 108, the applicant states:

“The 2023 SMFP includes a need determination for 164 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2023 SMFP identifies the total system-wide need for [Atrium] as 159 acute care beds.

... While Atrium Health University City has additional beds still under development, projections included in Form C show that without the additional beds proposed in this application, Atrium Health University City will be forced to operate in the future as it does today. Atrium Health University City maintains the highest occupancy rates of its inpatient beds of all CMHA-affiliated hospitals in Mecklenburg County and serves one of the most diverse communities in Charlotte.”

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

- There is a need determination in the 2023 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds in Mecklenburg County. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

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

“The 2023 SMFP includes a need determination for 164 additional acute care beds in Mecklenburg County. In particular, Table 5A in the 2023 SMFP identifies the total system-wide need for [Atrium] as 159 acute care beds.

... While Atrium Health Pineville has additional beds still under development, projections included in Form C show that without the additional beds proposed in this application, Atrium Health Pineville will be forced to operate in the future as it does today—above 100 percent occupancy.”

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

- There is a need determination in the 2023 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds in Mecklenburg County. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

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 beds in Mecklenburg County. On page 78, the applicant states:

“The proposed project will not result in unnecessary duplication of existing facilities in Mecklenburg County. The robust growth of inpatient acute care services at NHPMC supports the need to develop additional acute care bed capacity in at NHPMC.”

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

- There is a need determination in the 2023 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposed project will not unnecessarily duplicate existing or approved acute care beds in Mecklenburg County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing and approved acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion – The Agency reviewed the:

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

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

CMC Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2022	CY 2028	CY 2029	CY 2030
Registered Nurses	1,317.7	1,567.0	1,617.5	1,669.6
Certified Nurse Aides/Nursing Assistants	29.1	32.1	33.1	34.2
License Practical Nurse	3.4	3.7	3.9	4.0
Technicians	352.6	389.4	402.0	441.9
Clerical	48.1	53.1	54.8	56.6
Supervisory	12.2	13.5	13.9	14.4
Business Office	5.4	5.9	6.1	6.3
Temporary Help	155.4	60.1	62.0	64.0
Total Staffing	1,923.8	2,124.9	2,193.3	2,263.9

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 112-114, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant adequately demonstrates it has experience in acquiring sufficient personnel to provide services and the ways it has done so in the past that will be used for the proposed project.
- The applicant adequately documents the number of FTEs it projects will be needed to offer the proposed services.
- The applicant’s projections for FTEs are based on its own historical experience.

- The applicant accounts for projected salaries and other costs of employment in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides adequate documentation of its proposed recruitment, training, and continuing education programs.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

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

AH University City Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2022	CY 2026	CY 2027	CY 2028
Registered Nurses	123.7	165.4	165.7	165.8
Certified Nurse Aides/Nursing Assistants	64.5	73.3	73.4	73.4
Technicians	0.9	1.1	1.1	1.1
Clerical	0.9	1.0	1.0	1.0
Supervisory	13.6	15.5	15.5	15.5
Temporary Help	33.5	13.3	13.3	13.3
Total Staffing	237.1	269.5	270.0	270.2

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 110-112, the applicant describes the

methods used to recruit or fill new positions and its existing training and continuing education programs.

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

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

Atrium Health Pineville Acute Care Beds Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2022	CY 2026	CY 2027	CY 2028
Registered Nurses	307.7	414.3	421.0	427.7
Certified Nurse Aides/Nursing Assistants	134.7	149.7	152.2	154.6
Supervisory	26.9	29.9	30.4	30.8
Technicians	7.7	8.5	8.6	8.8
Clerical	4.0	4.4	4.5	4.5
Temporary Help	99.9	38.9	39.5	40.1
Total Staffing	580.7	645.8	656.2	666.7

The assumptions and methodology used to project staffing are provided on Form H Assumptions immediately following Form H in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 112-114, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

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

NH Presbyterian Current & Projected Staffing (in FTEs)				
Position	Current	Projected – FYs 1-3		
	12/31/2022	CY 2026	CY 2027	CY 2028
Registered Nurses	732.4	794.9	842.9	875.1
Certified Nurse Aides/ Nursing Assistants	198.2	200.2	200.2	200.2
Director of Nursing	3.0	3.0	3.0	3.0
Clerical	67.0	67.0	67.0	67.0
Total Staffing	1,000.6	1,065.1	1,113.1	1,145.3

The assumptions and methodology used to project staffing are provided immediately following Form O in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Section H, pages 79-81, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. The applicant provides supporting documentation in Exhibit H-3.

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

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

Conclusion – The Agency reviewed the:

- Application

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 116, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 116, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at CMC, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 117, the applicant describes CMC’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 114, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 114, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at Atrium Health University City, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 115, the applicant describes AH University City’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately

demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services – In Section I, page 116, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 116, the applicant explains how each ancillary and support service is made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant is currently providing the necessary ancillary and support services at the same facility where it proposes to develop the additional acute care beds.
- In Exhibit I.1, the applicant provides a letter from a facility executive at Atrium Health Pineville, attesting to the existence of the necessary ancillary and support services and committing to continue to provide the necessary ancillary and support services for the proposed project.

Coordination – In Section I, page 117, the applicant describes Atrium Health Pineville’s existing and proposed relationships with other local health care and social service providers

and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.
- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Atrium.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

Ancillary and Support Services – In Section I, page 83, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 83, the applicant explains how each ancillary and support service will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the applicant’s statement that the ancillary and support services are already available and will continue to be available to all patients receiving acute care services at NH Presbyterian.

Coordination – In Section I, pages 84-85, the applicant describes Novant’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 1.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant is part of a large and existing healthcare system in Mecklenburg County, is currently offering the same services it proposes to develop and has established relationships with other local health care and social services providers.

- In Exhibit I.2, the applicant provides letters from local physicians and healthcare providers documenting their support for Novant.

Conclusion – The Agency reviewed the:

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

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

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

NA – All Applications

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, none of the applicants project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

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

NA – All Applications

None of the applicants are HMOs. Therefore, Criterion (10) is not applicable to this review.

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

NA – NH Presbyterian
C – All Other Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

In Section K, page 120, the applicant states that the project involves renovating 110,000 square feet of existing space on Levels 11 and 12 of the patient bed tower under development. Line drawings are provided in Exhibit C.1-2.

On September 30, 2020, the Agency determined that a proposal from Atrium to construct a new patient tower on the campus of CMC was exempt from review pursuant to G.S. 131E-184(g). In that request, Atrium proposed to develop a 12-story patient tower which would be adjacent to and connected to CMC. The applicant proposes to develop 64 acute care beds on Level 11 and 48 acute care beds on Level 12 of the patient bed tower. In Section C, pages 37-38, the applicant states that it included costs for the construction of the relevant portion of the new patient tower in its capital expenditure. Thus, while the applicant states that the space will be renovated, it can also be considered new construction.

In Section K, pages 120-121, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

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

On page 121, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

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

In Section B, pages 34-35, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

In Section K, page 118, the applicant states that the project involves renovating 6,225 square feet of existing space located on Level 04 of the existing facility to house 10 additional acute care beds. Line drawings are provided in Exhibit C.1-1.

In Section K, pages 118-119, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The addition of 10 acute care beds will be accomplished in a resource-responsible manner as Atrium Health University City will develop the beds in existing renovated space on Level 04.

- The additional acute care capacity at Atrium Health University City can be developed at a more moderate cost than if the project were all new construction.

On page 119, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

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

In Section B, pages 34-35, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

In Section K, page 120, the applicant states that the project involves renovating 31,853 square feet of existing space. Thirty-six of the proposed beds will replace previously planned observation beds under development on Level 06 of the Palmetto tower on the Atrium Health Pineville campus, and six will relicense observation beds that were previously acute care beds across levels 03, 04, and 05 of the Pine Tower. Line drawings are provided in Exhibit C.1-1.

In Section K, pages 120-121, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed acute care beds will be developed in the new patient tower that was recently constructed and the original patient tower.
- The applicant states that by developing the acute care beds in the new patient tower, it can add acute care bed capacity and develop it efficiently at a reasonable cost.

On page 121, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

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

In Section B, pages 35-36, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

In Section L, page 124, the applicant provides the historical payor mix during CY 2022 at CMC, as shown in the table below.

CMC Historical Payor Mix – CY 2022	
Payor Category	Entire Facility
Self-Pay	13.2%
Medicare*	30.3%
Medicaid*	22.2%
Insurance*	32.3%
Other**	2.0%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

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

In Section L, page 125, the applicant provides the following comparison.

CMC	Percentage of Total Patients Served During CY 2022	Percentage of the Population of Mecklenburg County
Female	60.0%	51.6%
Male	39.7%	48.4%
Unknown	0.3%	0.0%
64 and Younger	73.4%	87.8%
65 and Older	26.6%	12.2%
American Indian	0.7%	0.9%
Asian	2.0%	6.7%
Black or African American	32.4%	33.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	54.0%	56.4%
Other Race	2.5%	2.7%
Declined / Unavailable	8.3%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City /Add 10 acute care beds

In Section L, page 122, the applicant provides the historical payor mix during CY 2022 at AH University City, as shown in the table below.

AH University City Historical Payor Mix – CY 2022	
Payor Category	Entire Facility
Self-Pay	14.5%
Medicare*	23.7%
Medicaid*	22.7%
Insurance*	35.6%
Other**	3.5%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

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

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

Atrium Health University City	Percentage of Total Patients Served During CY 2022	Percentage of the Population of Mecklenburg County
Female	57.9%	51.6%
Male	41.9%	48.4%
Unknown	0.2%	0.0%
64 and Younger	81.0%	87.8%
65 and Older	19.0%	12.2%
American Indian	1.3%	0.9%
Asian	2.3%	6.7%
Black or African American	51.6%	33.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	38.4%	56.4%
Other Race	2.8%	2.7%
Declined / Unavailable	3.6%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

In Section L, page 124, the applicant provides the historical payor mix during CY 2022 at Atrium Health Pineville, as shown in the table below.

AH Pineville Historical Payor Mix – CY 2022	
Payor Category	Entire Facility
Self-Pay	9.3%
Medicare*	34.2%
Medicaid*	14.2%
Insurance*	39.2%
Other**	3.1%
Total	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

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

In Section L, page 125, the applicant provides the following comparison.

Atrium Health Pineville	Percentage of Total Patients Served During CY 2022	Percentage of the Population of Mecklenburg County
Female	57.1%	51.6%
Male	42.8%	48.4%
Unknown	0.1%	0.0%
64 and Younger	68.9%	87.8%
65 and Older	31.1%	12.2%
American Indian	0.6%	0.9%
Asian	2.6%	6.7%
Black or African American	27.8%	33.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	63.5%	56.4%
Other Race	2.0%	2.7%
Declined / Unavailable	3.4%	0.0%

Source: Atrium Health internal data; US Census Bureau

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

In Section L, page 91, the applicant provides the historical payor mix during CY 2021 at NH Presbyterian, as shown in the table below.

NH Presbyterian Historical Payor Mix – CY 2022	
Payor Category	Entire Facility
Self-Pay	1.4%
Charity Care	5.7%
Medicare*	28.1%
Medicaid*	17.1%
Insurance*	44.5%
Workers Compensation	0.4%
TRICARE	0.8%
Other (Institutional, Other Gov't)	2.0%
Total	100.0%

*Including any managed care plans.

Source: Novant internal data

In Section L, page 92, the applicant provides the following comparison.

NH Presbyterian	Percentage of Total Patients Served During CY 2022	Percentage of the Population of Mecklenburg County
Female	61.1%	51.6%
Male	38.9%	48.4%
Unknown	0.0%	0.0%
64 and Younger	75.1%	88.7%
65 and Older	36.8%	12.5%
American Indian	0.4%	0.9%
Asian	2.6%	6.7%
Black or African American	36.9%	33.2%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	48.3%	56.4%
Other Race	7.8%	2.6%
Declined / Unavailable	3.9%	0.0%

Source: Novant internal data; US Census Bureau

Conclusion – The Agency reviewed the:

- Application

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 126, the applicant states it has no such obligation.

In Section L, page 127, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

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

In Section L, page 125, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 126, the applicant states it has no such obligation.

In Section L, page 127, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 93, the applicant states it has no such obligation.

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 the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion – The Agency reviewed the:

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

In Section L, pages 127-128, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

CMC Projected Payor Mix – CY 2030		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	13.2%	4.6%
Medicare*	30.3%	38.4%
Medicaid*	22.2%	27.3%
Insurance*	32.3%	26.4%
Other**	2.0%	3.4%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 13.2% of total services and 4.6% of acute care bed services will be provided to self-pay patients, 30.3% of total services and 38.4% of acute care bed services to Medicare patients, and 22.2% of total services and 27.3% of acute care bed services to Medicaid patients.

In Section L, pages 127-128, the applicant states that Atrium's internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 9% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On pages 128-129, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

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

AH University City Projected Payor Mix – CY 2028		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	14.6%	7.1%
Medicare*	23.7%	49.0%
Medicaid*	22.6%	17.9%
Insurance*	35.6%	23.0%
Other**	3.5%	3.0%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 14.6% of all of its services and 7.1% of acute care bed services at AH University City will be provided to self-pay patients, 23.7% and 49.0%, respectively to be provided, to Medicare patients, and 22.6% and 17.9%, respectively, respectively to be provided to Medicaid patients.

In Section L, pages 122-126, the applicant states that Atrium’s internal data does not track charity care as a payor source. In the assumptions immediately following Form F.2, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients (Section Q, Form F.2 assumptions, page 177).

On pages 125-127, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The applicant states that the percent of charity care patients for the entire facility, Atrium Health University City, in CY 2022 was 8.0%, and that the proportion of charity care patients to total patients is assumed to be constant through the project years. The projected payor mix is reasonable and adequately supported based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

In Section L, pages 127-128, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

Atrium Health Pineville Projected Payor Mix – CY 2028		
Payor Category	Entire Facility	Acute Care Beds
Self-Pay	9.3%	4.1%
Medicare*	34.2%	62.5%
Medicaid*	14.2%	9.4%
Insurance*	39.2%	21.6%
Other**	3.1%	2.4%
Total	100.0%	100.0%

*Including any managed care plans.

**Includes Workers Compensation, TRICARE, Department of Corrections, and other payors.

Source: Atrium Health internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 9.3% of total services and 4.1% of acute care bed services will be provided to self-pay patients, 34.2% of total services and 62.5% of acute care bed services to Medicare patients, and 14.2% of total services and 9.4% of acute care bed services to Medicaid patients.

In Section L, pages 127-128, the applicant states that Atrium's internal data does not track charity care as a payor source, that patients in any payor category can receive charity care, and projects that 4.5% of patients will receive charity care. In the assumptions immediately following Forms F.2 and F.3, the applicant states its projected charity care amount is the difference between the gross revenue and net revenue for self-pay patients.

On pages 128-129, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

In Section L, page 94, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

NH Presbyterian Projected Payor Mix – FY 3 (CY 2028)		
Payor Category	Entire Facility	Acute Care Services
Self-Pay	1.4%	2.1%
Charity Care	5.7%	3.2%
Medicare*	28.1%	29.3%
Medicaid*	17.1%	19.1%
Insurance*	44.5%	43.8%
Workers Compensation	0.4%	0.1%
TRICARE	0.8%	0.8%
Other (Institutional, Other Gov't)	2.0%	1.7%
Total	100.0%	100.0%

*Including any managed care plans.

Source: Novant internal data

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1.4% of total services and 2.1% of acute care services will be provided to self-pay patients, 5.7% of total services and 3.2% of acute care services to charity care patients, 28.1% of total services and 29.3% of acute care services to Medicare patients, and 17.1% of total services and 19.1% of acute care services to Medicaid patients.

On page 93, the applicant states that it provides charity care to both insured and uninsured patients, and to complete the table above it counted all patients who received charity care in the charity care category and removed them from any of the other payor mix categories they may have also been in.

On page 93, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion

of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix is based on the CY 2021 historical payor mix.
- The applicant clearly explains how it calculated the charity care payor line and how other payor lines do not include any patients who received charity care.

Conclusion – The Agency reviewed the:

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

In Section L, page 129, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

In Section L, page 127, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

In Section L, page 129, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

In Section L, page 97, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion – The Agency reviewed the:

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

In Section M, page 131, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

In Section M, page 129, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

In Section M, page 131, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

In Section M, page 98, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant lists some of the health professional training programs it has clinical education agreements with.
- The applicant states all educational programs with clinical agreements will still have the same access upon completion of the proposed project and that the applicant is always open to considering new clinical education programs and institutions.

Conclusion – The Agency reviewed the:

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

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

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

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

C – All Applications

The 2023 SMFP includes a need determination for 164 acute care beds in the Mecklenburg County service area.

On page 32, the 2023 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Mecklenburg County as its own acute care bed service area. Thus, the service area for this facility is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

As of the date of this decision, there are 2,502 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
AH Lake Norman	0/30
AH Pineville*	268/30
AH University City	95/16
CMC-Main**	979/191
Atrium Total	1,342/267
NH Ballantyne Medical Center	0/36
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/7
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
Novant Total	786/107
Mecklenburg County Total	2,128/374

Source: Table 5A, 2024 SMFP

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

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

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 133, the applicant states:

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

Regarding the impact of the proposal on cost effectiveness, in Section N, page 133, the applicant refers to Section B and on pages 32-33 of that section the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 112 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development.

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

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

Regarding the impact of the proposal on quality, in Section N, pages 133, the applicant refers to Section B and on pages 27-28 of that section the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high-quality services it provides at CMC...”

.... The proposed project will allow CMC to expand its acute care capacity, which in turn will allow CMC to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 133-134, the applicant refers to Section B and on pages 28-33 of that section the applicant states, in part:

“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies...”

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

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

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

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

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

Regarding the impact of the proposal on cost effectiveness, in Section N, page 131, the applicant states,

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

...

Approval of additional acute care beds at CMHA hospitals, including at Atrium Health University City, will enhance competition by approving sufficient capacity for a system that is cost-effective, demonstrates high quality, and provides a disproportionate share of services to the medically underserved.”

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

Regarding the impact of the proposal on quality, in Section N, pages 131, the applicant refers to Section B and on pages 27-28 of that section the applicant states, in part:

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

.... The proposed project will allow Atrium Health University City to expand its acute care capacity, which in turn will allow Atrium Health University City to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 132, the applicant refers to Section B and on pages 28-33 of that section the applicant states, in part:

“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies...”

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

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

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 133, the applicant states:

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

Regarding the impact of the proposal on cost effectiveness, in Section N, page 133, the applicant refers to Section B and on page 33 of that section the applicant states, in part:

“The proposed project is indicative of [Atrium]’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, even though the addition of 42 new acute care beds necessitates the expenditure of capital costs to renovate and upfit space for their development.

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

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

Regarding the impact of the proposal on quality, in Section N, pages 133, the applicant refers to Section B and on pages 27 and 29 of that section the applicant states, in part:

“[Atrium] believes that the proposed project will promote safety and quality in the delivery of healthcare services by expanding access to the high-quality services it provides at Atrium Health Pineville...

....The proposed project will allow Atrium Health Pineville to expand its acute care capacity, which in turn will allow Atrium Health Pineville to better meet patient needs and expectations – thus increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 134, the applicant refers to Section B and on pages 29-33 of that section the applicant states, in part:

“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies...”

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

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

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

Conclusion – The Agency reviewed the:

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

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

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

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

“Atrium Health controls 64 percent of the existing and approved acute care beds in Mecklenburg County. Novant Health controls only 36 percent of the existing and approved acute care beds in Mecklenburg County. Despite CON approval of 14 additional acute care beds during the 2022 Mecklenburg Acute Care Bed Review, Novant Health continues to maintain a minority share of acute care beds in the service area. Therefore, the proposed additional acute care bed capacity at NHPMC will positively impact competition by narrowing the gap of control that remains between Novant Health and Atrium Health in Mecklenburg County.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 101, the applicant states:

“This project will not increase the cost to patients or payors for the inpatient services provided by Novant Health because reimbursement rates are set by the federal government and commercial insurers. The nominal capital expenditure for this project is necessary to ensure that NHPMC will have the capacity to continue to provide high-quality services that are accessible to patients. Locating additional acute care beds within the NHPMC facility will improve operational efficiency by relieving bottlenecks in the ED. This capacity will also reduce instances where NHPMC must go on ED diversion status due to a lack of inpatient beds...

...Novant Health is collaborating with payors and partners to identify payment models that match Novant Health’s value-based care delivery. Getting the right care in the right setting at the right price is the future of healthcare. It is what makes healthcare affordable and more sustainable. It is Novant Health’s approach to delivering remarkable healthcare so that people can get better and stay healthy.”

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

Regarding the impact of the proposal on quality, in Section N, page 102, the applicant states:

“Novant Health is committed to delivering high-quality care at all of its facilities. Novant Health has quality-related policies and procedures that are applicable to NHPMC.

NHPMC is accredited by The Joint Commission.

All clinical and technical staff are required to maintain appropriate and current licensure and continuing education.

NHPMC will continue to adhere to medical staff credentialing policies and procedures to ensure credentialed staff are qualified to deliver care in their area of specialty.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicant states:

“...Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health’s financial assistance policy will apply to the proposed services.”

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

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

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

Conclusion – The Agency reviewed the:

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

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

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

C – All Applications

Project ID #F-12439-23/Carolinas Medical Center/Add 112 acute care beds

The applicant proposes to add 112 acute care beds to CMC, a hospital with 979 existing and approved acute care beds on its license, for a total of 1,282 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 25 hospitals in North Carolina.

In Section O, page 138, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in a finding of Immediate Jeopardy at one of the 25 hospitals affiliated with Atrium.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there was one incident related to quality of care that occurred in one of the 25 hospitals. DHSR conducted a complaint investigation at Columbus Regional to evaluate the hospital's compliance with the Medicare Conditions of Participation. The investigation resulted in an Immediate Jeopardy as a result of incidents on March 3, 2023, and February 2, 2023, involving the failure to ensure a safe environment for the delivery of care to two behavioral health patients in the emergency department. A return visit occurred on April 25, 2023, and Columbus Regional was deemed 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 25 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12444-23/Atrium Health University City/Add 10 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as "Atrium" or "the applicant") proposes to add 10 acute care beds to Atrium Health University City, a hospital with 141 existing and approved acute care beds, for a total of 151 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 25 hospitals in North Carolina.

In Section O, page 136, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in a finding of Immediate Jeopardy at one of the 25 hospitals affiliated with Atrium.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there was one incident related to quality of care that occurred in one of the 25 hospitals. DHSR conducted a complaint investigation at Columbus Regional to evaluate the hospital's compliance with the Medicare Conditions of Participation. The investigation resulted in an Immediate Jeopardy as a result of incidents on March 3, 2023, and February 2, 2023, involving the failure to ensure a safe environment for the delivery of care to two behavioral health patients in the emergency department. A return visit occurred on April 25, 2023, and Columbus Regional was deemed 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 25 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12446-23/Atrium Health Pineville/Add 42 acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “Atrium” or “the applicant”) proposes to add 42 acute care beds to Atrium Health Pineville, a hospital with 298 existing and approved acute care beds, for a total of 340 acute care beds upon completion of this project and other projects under development.

On Form O in Section Q, the applicant identifies the hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified a total of 25 hospitals in North Carolina.

In Section O, page 138, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident resulting in a finding of Immediate Jeopardy at one of the 25 hospitals affiliated with Atrium.

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there was one incident related to quality of care that occurred in one of the 25 hospitals. DHSR conducted a complaint investigation at Columbus Regional to evaluate the hospital’s compliance with the Medicare Conditions of Participation. The investigation resulted in an Immediate Jeopardy as a result of incidents on March 3, 2023, and February 2, 2023 involving the failure to ensure a safe environment for the delivery of care to two behavioral health patients in the emergency department. A return visit occurred on April 25, 2023, and Columbus Regional was deemed 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 25 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12457-23/Novant Health Presbyterian Medical Center/Add 54 acute care beds

The applicant proposes to add 54 new acute care beds to NH Presbyterian, a hospital with 476 existing and approved acute care beds, for a total of 530 acute care beds upon completion of this project.

On Form O in Section Q, the applicant identifies hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identified 19 existing and approved hospitals in North Carolina.

In Section O, page 107, the applicant states that during the 18 months immediately preceding the submittal of the application, there was one incident which resulted in a finding of immediate jeopardy at Novant Health New Hanover Regional Medical Center. The applicant states the facility is back in compliance and provides supporting documentation in Exhibit O.4.

According to the files in the Acute and Home Care Licensure and Certification Section, DHRS, during the 18 months immediately preceding submission of the application through the date of this decision, there was one incident related to quality of care that occurred in one of the 19 hospitals. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 12 hospitals, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

C – All Applications

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- **Carolinas Medical Center.** CMC is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit A.1, the applicant documents that it is a qualified applicant.
- C- **Atrium Health University City.** AH University City is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit A.1, the applicant documents that it is a qualified applicant.

- C- **Atrium Health Pineville.** Atrium Health Pineville is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit A.1, the applicant documents that it is a qualified applicant.
 - C- **Novant Health Presbyterian Medical Center.** NHPMC is an existing acute care hospital with existing acute care beds. In Section C, page 59, and Exhibit 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- **Carolinas Medical Center.** Per the definition section in 10A NCAC 14C .3803(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds. Therefore, the applicant hospital is CMC. The applicant provides projected utilization of the existing, approved and proposed acute care beds for CMC during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

CMC Acute Care Bed Projected Utilization			
	FY 1 (CY 2028)	FY 2 (CY 2029)	FY 3 (CY 2030)
# of Beds	1,086	1,086	1,086
# of Discharges	46,895	48,405	49,964
# of Acute Care Days	307,527	317,431	327,653
ALOS	6.6	6.6	6.6
Occupancy Rate	77.6%	80.1%	82.7%

Source: Section Q, Form C.1a and C.1b, pages 154-155
 ^Annualized based on January 1, 2023 – June 31, 2023

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Atrium Health University City.** The applicant provides projected utilization of the existing, approved and proposed acute care beds for Atrium Health University City during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

AH University City Acute Care Bed Projected Utilization			
	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	121	121	121
# of Discharges	8,768	8,784	8,790
# of Acute Care Days	41,391	41,468	41,493
ALOS	4.7	4.7	4.7
Occupancy Rate	93.7%	93.9%	93.9%

Source: Section Q, Form C.1a and C.1b, pages 148-149

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Atrium Health Pineville.** Per the definition section in 10A NCAC 14C .3803(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds. Therefore, the applicant hospital is Atrium Health Pineville. The applicant provides projected utilization of the existing, approved and proposed acute care beds for Atrium Health Pineville during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

AH Pineville Acute Care Bed Projected Utilization			
	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	314	314	314
# of Discharges	22,134	22,490	22,851
# of Acute Care Days	107,172	108,898	110,642
ALOS	4.8	4.8	4.8
Occupancy Rate	93.5%	95.0%	96.5%

Source: Section Q, Form C.1a and C.1b, pages 152-153

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Novant Health Presbyterian Medical Center.** The applicant provides projected utilization of the existing, approved and proposed acute care beds for NHPMC during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

NH Presbyterian Historical & Projected Utilization – Acute Care Beds			
	FY 1 (CY 2026)	FY 2 (CY 2027)	FY 3 (CY 2028)
# of Beds	530	530	530
# of Discharges	29,231	30,999	32,184
# of Patient Days	143,813	152,508	158,339
ALOS (in days)	4.9	4.9	4.9
Occupancy Rate	74.3%	78.8%	81.9%

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- **Carolinas Medical Center.** The applicant’s projected occupancy rate of the existing, approved and proposed acute care beds for CMC for the third full fiscal year of operation

following completion of the project is 82.7% which exceeds the target occupancy percentage of 78.0% set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Atrium Health University City.** The applicant's projected occupancy rate of the existing, approved and proposed acute care beds for Atrium Health University City for the third full fiscal year of operation following completion of the project is 93.9% which exceeds the targeted occupancy percentage of 71.4% set forth in 10A NCAC 14C.3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - C- **Atrium Health Pineville.** The applicant's projected occupancy rate of the existing, approved and proposed acute care beds for Atrium Health Pineville for the third full fiscal year of operation following completion of the project is 96.5% which exceeds the target occupancy percentage of 75.2% set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
 - C- **Novant Health Presbyterian Medical Center.** The applicant's projected occupancy rate of the existing, approved and proposed acute care beds for NHPMC for the third full fiscal year of operation following completion of the project is 81.9% which exceeds the target occupancy percentage of 78.0% as set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization 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- **Carolinas Medical Center. AH University City. AH Pineville.** Per the definition section in 10A NCAC 14C .3801(5), "hospital system" means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is CMHA. The hospital system is also referred to as the Atrium Health System. The proposed service area is Mecklenburg County. CMHA owns or operates six existing and approved hospitals in Mecklenburg County: CMC, including AH Mercy, Atrium Health Pineville, including AH Steele Creek, and Atrium Health University City, including Atrium Health Lake Norman. The applicant provides projected utilization of the existing, approved and proposed acute care beds for the CMHA System during each of the first three full fiscal years of operation following completion of the project as illustrated in the table below. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the CMHA applications are conforming with this Rule.

Mecklenburg County - Atrium Projected Total Acute Care Bed Utilization			
	FY1 (CY 2028)	FY2 (CY 2029)	FY3 (CY 2030)
Atrium Health Pineville	110,642	114,279	118,035
Atrium Health Steele Creek^	7,091	7,276	7,467
Atrium Health University City	41,493	42,102	42,716
Carolinas Medical Center	307,527	317,431	327,653
Atrium Health Mercy^^	64,770	66,852	69,001
Atrium Health Lake Norman^^^	8,222	8,656	9,114
Projected Total Acute Care Bed Days	539,746	556,597	573,985
ADC	1,479	1,525	1,573
Total # of Beds	1,773	1,773	1,773
Occupancy %	83.4%	86.0%	88.7%

Source: Section Q, Form C, page 171, Assumptions and Methodology

^ Atrium Health Steele Creek is licensed under Atrium Health Pineville.

^^ Atrium Health Mercy is licensed under CMC.

^^^ Atrium Health Lake Norman is licensed under Atrium Health University City

- C- **Novant Health Presbyterian Medical Center (NHPMC).** Novant Health Inc. owns or operates six hospitals in Mecklenburg County: Novant Health Presbyterian Medical Center, Novant Health Matthews, Novant Health Huntersville, Novant Health Mint Hill, Novant Health Ballantyne and Novant Health Steele Creek. The applicant provides projected utilization of the existing, approved and proposed acute care beds for the Novant Health System during each of the first three full fiscal years of operation following completion of the project as illustrated in the table below. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

Novant Health Mecklenburg County Facility Acute Care Days, CY2028	
Novant Health System - Mecklenburg County	CY2028
Novant Health Presbyterian	158,339
Novant Health Matthews	47,192
Novant Health Huntersville	40,076
Novant Health Mint Hill	9,327
Novant Health Ballantyne	10,137
Novant Health Steele Creek	8,812
Novant Health System - Mecklenburg County	273,884
Licensed Beds (excluding NICU)	947
Novant Health System - Mecklenburg County Occupancy	79.2%

Source: Section Q, Form C Methodology and Assumptions, page 127

- (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- **Carolinas Medical Center. AH University City. AH Pineville.** The applicant’s projected average occupancy rate of the existing, approved and proposed acute care beds for the

CHMA System during the third full fiscal year of operation following completion of the project is 88.7% which exceeds the target occupancy rate of 78.0% set forth in 10A NCAC 14C .3803(5)(d). The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

- C- **Novant Health Presbyterian Medical Center.** The applicant's projected average occupancy rate of the existing, approved and proposed acute care beds for the Novant Health System during the third full fiscal year of operation following completion of the project is 79.2% which exceeds the target occupancy rate of 78% set forth in 10A NCAC 14C .3803(5)(d). The discussion regarding projected utilization 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- **Carolinas Medical Center.** See Section Q for the applicant's assumptions and methodology used to project utilization and occupancy rates. The discussion regarding projected utilization found in Criterion (3) are incorporated herein by reference.
- C- **Atrium Health University City** See Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Atrium Health Pineville.** See Section Q for the applicant's assumptions and methodology used to project utilization and occupancy rates. The discussions regarding projected utilization found in Criterion (3) are incorporated herein by reference.
- C- **Novant Health Presbyterian Medical Center.** See Section Q for the applicant's data, assumptions, and methodology used to project utilization. The discussion regarding analysis of need and projected utilization found in Criterion (3) are incorporated herein by reference.

COMPARATIVE ANALYSIS FOR ACUTE CARE BEDS

Pursuant to G.S. 131E-183(a)(1) and the 2023 State Medical Facilities Plan, no more than 164 acute care beds may be approved for Mecklenburg County in this review. Because the applications in this review collectively propose to develop 218 additional acute care beds in Mecklenburg County, all applications cannot be approved for the total number of beds proposed. Therefore, after considering all the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

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

- Project ID #F-12439-23 / **Carolinas Medical Center** / Develop 112 additional acute care beds pursuant to the 2023 SMFP Need Determination

- Project ID #F-12444-23 / **Atrium Health University City** / Develop 10 additional acute care beds pursuant to the 2023 SMFP Need Determination
- Project ID #F-12446-23 / **Atrium Health Pineville** / Develop 42 additional acute care beds pursuant to the 2023 SMFP Need Determination
- Project ID #F-12457-23 / **Novant Health Presbyterian Medical Center** / Develop 54 additional acute care beds pursuant to the 2023 SMFP need determination

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

Further, the analysis of comparative factors and what conclusions the Agency reaches (if any) with regard to specific comparative analysis factors is determined in part by whether or not the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Conformity with Review Criteria

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

Table 5B on page 44 of the 2023 SMFP identifies a need for 164 additional acute care beds in Mecklenburg County. As shown in Table 5A, pages 40-41, the Novant Health system shows a projected deficit of 70 acute care beds for 2025 and the Atrium Health system shows a projected deficit of 159 acute care beds for 2025, which in combination with the need determinations from the 2023 SMFP results in the Mecklenburg County need determination for 164 acute care beds. However, the application process is not limited to the provider (or providers) that show a deficit and create the need for additional acute care beds. Any qualifying provider can apply to develop the 164 acute care beds in Mecklenburg County. Furthermore, it is not necessary that an existing provider have a projected deficit of acute care beds to apply for more acute care beds. However, it is necessary that an applicant adequately demonstrate the need to develop its project, as proposed.

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

Scope of Services

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

All four applications involve existing acute care hospitals which provide numerous types of medical services. However, only one applicant, **Carolinas Medical Center**, is a Level I trauma

center, a quaternary care center, and an academic medical center. **Atrium Health Pineville** and **Novant Health Presbyterian Medical Center** are both tertiary care centers but do not offer as many services as **Carolinas Medical Center**. **Atrium Health University City** is a smaller community hospital that does not offer tertiary care services.

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

Geographic Accessibility

As of the date of this decision, there are 2,502 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
AH Lake Norman	0/30
AH Pineville*	268/30
AH University City	95/16
CMC**	979/191
Atrium Total	1,342/267
NH Ballantyne Medical Center	0/36
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/7
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
Novant Total	786/107
Mecklenburg County Total	2,128/374

Source: Table 5A, pages 40-41, 2024 SMFP

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

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

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

City	System	Total Acute Care Bed Inventory*
Charlotte	Atrium	1,170
	Novant	476
Ballantyne	Novant	36
Steele Creek	Novant	32
Steele Creek	Atrium	26
University City	Atrium	111
	Charlotte Total	1,851
Pineville	Atrium	272
Huntersville	Novant	147
Matthews	Novant	166
Mint Hill	Novant	36
Cornelius	Atrium	30
Total		2,502
Total Mecklenburg County		2,502

*Existing and approved acute care beds.

As shown in the table above, the existing and approved acute care beds are in Charlotte, Cornelius, Huntersville, Matthews, Mint Hill, and Pineville. **Atrium Health Pineville** proposes to add 42 acute care beds to an existing facility in Pineville. **Carolinas Medical Center** proposes to add 112 acute care beds to an existing facility in Charlotte. **Atrium Health University City** proposes to add 10 acute care beds to an existing facility in the University City section of Charlotte. **Novant Health Presbyterian Medical Center** proposes to add 54 acute care beds to an existing facility in Charlotte. One hundred seventy-six acute care beds would be in Charlotte, which already has 1,851 existing and approved acute care beds. The remaining 42 acute care beds would be in Pineville, which already has 272 existing and approved acute care beds.

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

Competition (Patient Access to a New or Alternate Provider)

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

As of the date of this decision, there are 2,502 existing and approved acute care beds, allocated between 10 existing and approved hospitals owned by two providers (Atrium and Novant) in the Mecklenburg County Service Area, as illustrated in the following table.

Mecklenburg County Acute Care Hospital Campuses	
Facility	Existing/Approved Beds
AH Lake Norman	0/30
AH Pineville*	268/30
AH University City	95/16
CMC-Main**	979/191
Atrium Total	1,342/267
NH Ballantyne Medical Center	0/36
NH Huntersville Medical Center	135/12
NH Health Matthews Medical Center	146/20
NH Health Presbyterian Medical Center	469/7
NH Mint Hill Medical Center	36/0
NH Steele Creek Medical Center	0/32
Novant Total	786/107
Mecklenburg County Total	2,128/374

Source: Table 5A, pages 40-41, 2024 SMFP

*Includes the approved AH Steele Creek campus to be licensed as part of AH Pineville.

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

Atrium Health Pineville, Carolinas Medical Center, Atrium Health Lake Norman, and Atrium Health University City are affiliated with Atrium Health, which currently controls 1,609 of the 2,502 acute care beds in Mecklenburg County, or 64.3%. **Novant Health Presbyterian Medical Center** is affiliated with Novant Health, which currently controls 893 of the 2,502 acute care beds in Mecklenburg County, or 35.7%.

If **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all have their applications approved for a combined total of 164 acute care beds, and **Novant Health Presbyterian Medical Center's** application was denied, Atrium would control 1,773 of the 2,666 existing or approved acute care beds (following this review) in Mecklenburg County, or 66.5%, and Novant would control 893 of the 2,666 existing or approved acute care beds, or 33.5%. If **Novant Health Presbyterian Medical Center's** application for acute care beds is approved, and the remaining 110 acute care beds are awarded to **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**, Novant Health would control 947 of the 2,666 existing and approved acute care beds in Mecklenburg County, or 35.5%, and Atrium would control 1,719 existing and approved acute care beds in Mecklenburg County, or 64.5%. Regardless of the ultimate conclusion of this comparative analysis, Atrium will control a larger percentage of acute care beds in Mecklenburg County than Novant.

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

Historical Utilization

The following table illustrates historical acute care bed utilization for existing facilities based on acute care days as reported in Table 5A of the 2023 SMFP. Generally, regarding this comparative

factor, an existing provider with higher historical utilization rates is the more effective alternative based on an assumption that that provider has a greater need for the proposed acute care beds in order to serve its projected patients.

Mecklenburg County Historical Acute Care Bed Utilization (Table 5A of 2023 SMFP)					
Facility	FFY 2021 Acute Care Days	ADC	# of Acute Care Beds*	Utilization	Proj. (Surplus)/Deficit 2025
CMC	312,739	856.8	970	88.3%	114
AH University City	31,404	86.0	95	90.6%	44
AH Pineville	78,542	215.2	223	96.5%	32
Atrium System	422,685	1,150.0	1,288	89.9%	159
NH Presbyterian	142,504	390.4	481	81.2%	94
Novant System	229,787	629.5	798	78.9%	70

*Existing acute care beds during FFY 2021 only.

As shown in the table above, all three Atrium facilities have utilization rates of 88.3% or higher, and all three facilities have projected deficits of acute care beds in 2025. Out of the four facilities, **Atrium Health Pineville** has the highest utilization rate, and **Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** have lower utilization rates than **Atrium Health Pineville**.

Acute care bed need determinations are driven by health systems, not the individual hospitals within a health system. In the 2023 SMFP, Atrium has a system-wide deficit of 159 acute care beds and Novant has a system-wide deficit of 70 acute care beds, for a combined total deficit of 229 acute care beds. Each health system has at least one facility with a projected surplus of acute care beds. The Atrium Health system has a higher deficit of acute care beds than the Novant Health system. As discussed above under the “Competition (Patient Access to a New or Alternate Provider)” comparative factor, the Atrium Health system controls 64.3% of acute care beds in Mecklenburg County and the Novant Health system controls 35.7% of acute care beds in Mecklenburg County. However, the Atrium Health system deficit makes up 69.4% of the combined deficit of acute care beds, which is a higher proportion of the deficit than the amount of acute care beds that the Atrium Health system controls. The Novant Health system deficit makes up 30.6% of the combined deficit of acute care beds, which is a lower proportion of the deficit than the amount of acute care beds the Novant Health system controls.

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

Access by Service Area Residents

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

regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

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

Projected Service to Mecklenburg County Residents – FY 3		
Applicant	# Mecklenburg Residents	% Mecklenburg Residents
Carolinas Medical Center	25,317	50.7%
AH University City	6,981	79.4%
AH Pineville	8,735	38.2%
NH Presbyterian	22,044	68.5%

Sources: Project ID #F-12439-23 p.43, Project ID #F-12444-23 p.43, Project ID #F-12446-23 p.45, Project ID #F-12457-23 p.32

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

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

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

Access by Underserved Groups

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

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

For access by underserved groups, the applications in this review are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicare

The following table shows projected Medicare revenue during the third full fiscal year following project completion for each facility.

Projected Medicare Revenue – 3rd Full FY			
Applicant	Total Medicare Rev.	Av. Medicare Rev./Patient	% of Gross Rev.
Carolinas Medical Center	\$608,789,235	\$12,185	38.4%
AH University City	\$89,399,410	\$10,171	49.0%
AH Pineville	\$307,568,387	\$13,460	62.5%
NH Presbyterian	\$957,029,370	\$29,736	45.4%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Novant Health Presbyterian Medical Center** projects to have the highest total amount of Medicare revenue and the highest average Medicare revenue per patient, and **Atrium Health Pineville** projects to have the highest percentage of Medicare revenue as a percentage of gross revenue. Generally, the application projecting to provide the most revenue to Medicare patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Medicaid

The following table shows projected Medicaid revenue during the third full fiscal year following project completion for each facility.

Projected Medicaid Revenue – 3rd Full FY			
Applicant	Total Medicaid Rev.	Av. Medicaid Rev./Patient	% of Gross Rev.
Carolinas Medical Center	\$433,965,130	\$8,686	27.3%
AH University City	\$32,597,421	\$3,708	17.9%
AH Pineville	\$46,257,361	\$2,024	9.4%
NH Presbyterian	\$251,532,107	\$7,815	11.9%

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Carolinas Medical Center** projects the highest total Medicaid revenue and the highest percent of Medicaid revenue as a percentage of gross revenue, and **Carolina Medical Center** projects the highest average Medicaid revenue per patient. Generally, the application projecting to provide the most revenue to Medicaid patients is the more effective alternative for this comparative factor.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Net Revenue per Patient

The following table shows the projected average net revenue per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average net revenue per patient is the more effective alternative with regard to this comparative factor since a lower average may indicate a lower cost to the patient or third-party payor.

Projected Average Net Revenue per Patient – 3rd Full FY			
Applicant	Total # of Patients	Net Revenue	Average Net Revenue per Patient
Carolinas Medical Center	49,964	\$421,372,146	\$8,434
AH University City	8,790	\$48,590,887	\$5,528
AH Pineville	22,851	\$116,774,197	\$5,110
NH Presbyterian	32,184	\$625,211,520	\$19,426

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects to have the lowest average net

revenue per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.2, **Novant Health Presbyterian Medical Center** states the acute care gross charges include nursing units, inpatient surgery revenue, ED services, imaging, obstetrics/newborn costs, and all ancillary services. In the assumptions and methodology for Forms F.2 and F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

Projected Average Operating Expense per Patient

The following table shows the projected average operating expense per patient in the third full fiscal year following project completion for each facility. Generally, the application projecting the lowest average operating expense per patient is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Projected Operating Expense per Patient – 3rd Full FY			
Applicant	Total # of Patients	Operating Expense	Average Operating Expense per Patient
Carolinas Medical Center	49,964	\$412,806,853	\$8,262
AH University City	8,790	\$45,212,207	\$5,144
AH Pineville	22,851	\$115,667,143	\$5,062
NH Presbyterian	32,184	\$603,655,769	\$18,756

Sources: Forms C.1b and F.2b for each applicant

As shown in the table above, **Atrium Health Pineville** projects the lowest average operating expense per patient.

However, **Novant Health Presbyterian Medical Center’s** pro formas are not structured the same way as those from **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City**. In the assumptions and methodology for Form F.3, **Novant Health Presbyterian Medical Center** states the acute care operating expenses include costs for support staff salaries, fees for other departments, and costs for ancillary and support services. In the assumptions and methodology for Form F.3, **Atrium Health Pineville, Carolinas Medical Center, and Atrium Health University City** all state the gross revenue includes acute care bed charges and expenses only, and do not include any ancillary services or surgical services. None of the three Atrium applications state whether costs for ancillary and support services are included in the projected operating expenses. All three Atrium applications project salary expenses only for staff identified in Form H.

Further, even if the applicants had provided pro forma financial statements in a manner that would allow the Agency to compare reasonably similar kinds of data, differences in the acuity level of patients at each facility, and the level of care (community hospital, tertiary care hospital, and quaternary care academic medical center) at each facility would make any comparison of little value. Therefore, the result of this analysis is inconclusive.

SUMMARY

Due to significant differences in the size of hospitals, levels of acuity each hospital can serve, total revenues and expenses, and the differences in presentation of pro forma financial statements, the comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size and reporting in like formats.

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	CMC	AH University City	AH Pineville	NH Presbyterian
Conformity with Review Criteria	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Scope of Services	More Effective	Less Effective	Less Effective	Less Effective
Geographic Accessibility	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Competition/Access to New/Alternate Provider	Less Effective	Less Effective	Less Effective	More Effective
Historical Utilization	More Effective	More Effective	More Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Access by Underserved Groups				
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Patient	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Patient	Inconclusive	Inconclusive	Inconclusive	Inconclusive

- With respect to Conformity with Review Criteria, **Atrium Health Pineville, Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.
- With respect to Scope of Services, **Carolinas Medical Center** offers the more effective alternative and **Atrium Health Pineville, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer less effective alternatives. See Comparative Analysis for discussion.
- With respect to Geographic Accessibility, **Atrium Health Pineville, Carolinas Medical Center, Atrium Health University City, and Novant Health Presbyterian Medical Center** offer equally effective alternatives. See Comparative Analysis for discussion.

- With respect to Competition/Access to New Provider, **Novant Health Presbyterian Medical Center** offers the more effective alternative and **Atrium Health Pineville, Carolinas Medical Center**, and **Atrium Health University City** offer less effective alternatives. See Comparative Analysis for discussion.
- With respect to Historical Utilization, **Atrium Health Pineville, Carolinas Medical Center**, and **Atrium Health University City** offer the more effective alternatives and **Novant Health Presbyterian Medical Center** offers a less effective alternative. See Comparative Analysis for discussion.

CONCLUSION

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in acute care beds in excess of the need determination for Mecklenburg County. All applications submitted for acute care beds in this review are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 228 acute care beds while the need determination is for 164 acute care beds; therefore, only 164 acute care beds can be approved.

As discussed above, **Carolinas Medical Center** was determined to be the more effective alternative for two factors:

- Scope of Services
- Historical Utilization

As discussed above, **Atrium Health Pineville** was determined to be the more effective alternative for one factor:

- Historical Utilization

As discussed above, **Atrium Health University City** was determined to be the more effective alternative for one factor:

- Historical Utilization

As discussed above, **Novant Health Presbyterian Medical Center** was determined to be the more effective alternative for one factor:

- Competition/Access to a New or Alternate Provider

With regard to acute care beds, the application submitted by **Carolinas Medical Center** is comparatively superior and is approved as submitted.

The **Atrium Health Pineville, Atrium Health University City, and Novant Health Presbyterian Medical Center** applications are all equally effective alternatives amongst themselves. Based on the applications as submitted and the Comparative Analysis, there is no application from this group that is comparatively superior to any other application in this group. However, it is not possible to award all applicants the number of beds they seek.

Based on that analysis, the beds will be awarded in proportion to the number of beds requested by each applicant. See the table below for the summary of calculations.

Facility	# of Beds Requested	% of Total Beds Requested	Remaining Beds Available	# of Beds Awarded
AH Pineville	42	39.6%	52	21
AH University City	10	9.4%	52	5
NH Presbyterian	54	50.9%	52	26
Total	106	100.0%		52

Note: Table may not foot due to rounding.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- **Project ID #F-12439-23/ Carolinas Medical Center / Develop no more than 112 acute care beds pursuant to the need determination in the 2023 SMFP for a total of no more than 1,282 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), Project ID# F-12010-20 (relocate 18 beds), Project ID #F-12149-21 (add 75 beds), and Project ID# F-12281-22 (add 38 beds).**

And the following applications are approved as modified in the descriptions below:

- **Project ID #F-12444-23 / Atrium Health University City / Develop no more than five acute care beds pursuant to the need determination in the 2023 SMFP for a total of no more than 146 acute care beds upon completion of this project, Project ID # F-12146-21 (add 8 beds), and Project ID # F-12282-22 (add 8 beds).**
- **Project ID #F-12446-23 / Atrium Health Pineville / Develop no more than 21 acute care beds pursuant to the need determination in the 2023 SMFP for a total of no more than 319 acute care beds upon completion of this project, Project ID # F-12147-21 (add 25 beds), Project ID # F-12280-22 (add 5 beds), and Project ID #F-12084-21 (relocate 26 beds).**
- **Project ID #F-12457-23 / Novant Health Presbyterian Medical Center / Develop no more than 26 acute care beds pursuant to the need determination in the 2023 SMFP for a total of no more than 502 acute care beds upon completion of this project, Project ID# F-12144-21 (add 15 beds), and Project ID# F-12293-22 (add 14 beds).**

Project ID #F-12439-23 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than 112 acute care beds at Carolinas Medical Center pursuant to the need determination in the 2023 SMFP for a total of no more than 1,282 acute care beds upon completion of this project, Project ID #F-12006-20 (add 87 beds), Project ID# F-12010-20 (relocate 18 beds), and Project ID #F-12149-21 (add 75 beds), and Project F-12281-22 (add 38 beds).
3. Upon completion of the project, Carolinas Medical Center shall be licensed for no more than 1,282 acute care beds.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. The first progress report shall be due on November 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 develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

Project ID #F-12444-23 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than five acute care beds at Atrium Health University City pursuant to the need determination in the 2023 SMFP for a total of no more

than 146 acute care beds upon completion of this project, Project ID # F-12146-21 (add 8 beds), and Project ID# Project ID # F-12282-22 (add 8 beds).

3. Upon completion of the project, Atrium Health University City shall be licensed for no more than 146 acute care beds.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. The first progress report shall be due on November 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 develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

Project ID #F-12446-23 is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than 21 acute care beds at Atrium Health Pineville pursuant to the need determination in the 2023 SMFP for a total of no more than 319 acute care beds upon completion of this project, Project ID # F-12147-21 (add 25 beds), Project ID # F-12280-22 (add 5 beds), and Project ID #F-12084-21 (relocate 26 beds).
3. Upon completion of the project, Atrium Health University City shall be licensed for no more than 319 acute care beds.
4. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. The first progress report shall be due on November 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 develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

Project ID #F-12457-23 is approved subject to the following conditions.

1. The Presbyterian Hospital and Novant Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than 26 acute care beds at Novant Health Presbyterian Medical Center for a total of no more than 502 acute care beds upon completion of this project, Project ID# F-12144-21 (add 15 beds), and Project ID# F-12293-22 (add 14 beds).
3. Upon completion of the project, Novant Health Presbyterian Medical Center shall be licensed for no more than 502 acute care beds.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.

- d. The first progress report shall be due on November 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.