

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 28, 2025

Findings Date: February 4, 2025

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

### COMPETITIVE REVIEW

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Project ID #: J-12533-24  
Facility: WakeMed North Hospital  
FID #: 990974  
County: Wake  
Applicant: WakeMed  
Project: Develop no more than two additional operating rooms pursuant to the 2024 SMFP need determination and no more than two additional procedure rooms

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Project ID #: J-12534-24  
Facility: Novant Health Knightdale Medical Center  
FID #: 240655  
County: Wake  
Applicants: Novant Health Knightdale Medical Center, LLC  
Novant Health, Inc.  
Project: Develop a new acute care hospital with no more than 36 acute care beds and one operating room pursuant the 2024 SMFP need determinations

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Project ID #: J-12535-24  
Facility: WakeMed  
FID #: 943528  
County: Wake  
Applicant: WakeMed  
Project: Develop no more than two additional operating rooms pursuant to the 2024 SMFP need determination

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Project ID #: J-12536-24  
Facility: WakeMed North Hospital  
FID #: 990974  
County: Wake

2024 Wake County Acute Care Bed and OR Review

Project ID #'s J-12533-24, J-12534-24, J-12535-24, J-12536-24, J-12537-24, J-12538-24, J-12542-24, J-12543-24, J-12546-24, J-12547-24, J-12548-24, J-12549-24

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Applicant: WakeMed  
Project: Change of scope to Project ID# J-12419-23 (Develop 35 acute care beds) to develop no more than 25 additional acute care beds pursuant to the 2024 SMFP need determination

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Project ID #: J-12537-24  
Facility: WakeMed Cary Hospital  
FID #: 990332  
County: Wake  
Applicant: WakeMed  
Project: Change of scope to Project ID# J-12418-23 (Develop 9 acute care beds) to develop no more than 24 additional acute care beds pursuant to the 2024 SMFP need determination

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Project ID #: J-12538-24  
Facility: WakeMed  
FID #: 943528  
County: Wake  
Applicant: WakeMed  
Project: Develop no more than 21 additional acute care beds pursuant to the 2024 SMFP need determination

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Project ID #: J-12542-24  
Facility: UNC REX Hospital  
FID #: 953429  
County: Wake  
Applicant: Rex Hospital, Inc.  
Project: Develop no more than 20 additional acute care beds and no more than two additional operating rooms pursuant to the 2024 SMFP need determinations

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Project ID #: J-12543-24  
Facility: UNC Health Rex Wake Forest Hospital  
FID #: 240658  
County: Wake  
Applicant: Rex Hospital, Inc.  
Project: Develop a new acute care hospital with no more than 50 acute care beds and two operating rooms pursuant to the 2024 SMFP need determinations

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2024 Wake County Acute Care Bed and OR Review

Project ID #'s J-12533-24, J-12534-24, J-12535-24, J-12536-24, J-12537-24, J-12538-24, J-12542-24, J-12543-24, J-12546-24, J-12547-24, J-12548-24, J-12549-24

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Project ID #: J-12546-24  
Facility: Duke Raleigh Hospital  
FID #: 923421  
County: Wake  
Applicant: Duke University Health System, Inc.  
Project: Develop no more than 41 additional acute care beds pursuant to the 2024 SMFP need determination

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Project ID #: J-12547-24  
Facility: Duke Raleigh Hospital  
FID #: 923421  
County: Wake  
Applicant: Duke University Health System, Inc.  
Project: Develop no more than three additional operating rooms pursuant to the 2024 SMFP need determination

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Project ID #: J-12548-24  
Facility: Duke Cary Hospital  
FID #: 210092  
County: Wake  
Applicant: Duke University Health System, Inc.  
Project: Change of scope to Project ID #J-12029-21 (Develop a new acute care hospital) to develop no more than 17 additional acute care beds pursuant to the 2024 SMFP need determination for a total of 57 beds upon project completion

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Project ID #: J-12549-24  
Facility: Duke Garner Hospital  
FID #: 240666  
County: Wake  
Applicant(s): Duke University Health System, Inc.  
Project: Develop a new acute care hospital with no more than 12 acute care beds and one operating room pursuant to the 2024 SMFP need determinations

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.

## 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 Determinations

##### Acute Care Beds (AC Beds)

Chapter 5 of the 2024 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area. In the 2024 SMFP, page 45, Table 5B: *Acute Care Bed Need Determination* shows a need determination for 70 additional acute care beds in the Wake County service area. Nine applications were submitted to the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) proposing to develop a total of 246 new acute care beds in Wake County. However, pursuant to the need determination, only 70 acute care beds may be approved in this review for the Wake County service area. See the Conclusion Following the Comparative Analysis for the Decision.

Only certain persons can be approved to develop new acute care beds in a hospital. On page 34, the 2024 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 (CMS) listed below... [listed on pages 34-35 of the 2024 SFMP].”*

### **Operating Rooms (ORs)**

Chapter 6 of the 2024 SMFP includes a methodology for determining the need for additional ORs in North Carolina by service area. In the 2024 SMFP, page 81, Table 6C: *Operating Room Need Determination* shows a need determination for four ORs in the Wake County service area. Seven applications were submitted to the CON Section, proposing to develop a total of thirteen ORs. However, pursuant to the need determination, only four ORs may be approved in this review for the Wake County OR service area. See the Conclusion following the Comparative Analysis for the decision.

### **Policies**

There are two Policies in the 2024 SMFP which are applicable to this review.

*Policy GEN-3: Basic Principles*, on page 29 of the 2024 SMFP, states:

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

*Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2024 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-3 applies to all twelve applications.

Policy GEN-4 only applies to two of the twelve applications. The two applications Policy Gen-4 applies to are: Project ID #J-12538-24 and Project ID #J-12547-24.

### **Project ID #J-12533-24/ WakeMed North Hospital (WakeMed North)/ Develop 2 ORs**

WakeMed, (hereinafter referred to as "WakeMed" or "the applicant") proposes to develop no more than two new ORs at WakeMed North hospital (WakeMed North) pursuant to the 2024 SMFP need determination for 4 ORs in Wake County.

WakeMed North is located at 10000 Falls of Neuse Road in Raleigh.

*Need Determination.* The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 27-30, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$16.4 million. In Section B, page 31, and Exhibit B.21, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- 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 operating rooms than are determined to be needed in the service area.
- 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 operating rooms services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to operating room services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12534-24/ Novant Health Knightdale Medical Center (Novant Knightdale)/Develop a new hospital with 36 AC beds and 1 OR**

Novant Health Knightdale Medical Center, LLC and Novant Health, Inc. (hereinafter referred to as "Novant Inc." or "the applicant") propose to develop a new acute care hospital, Novant Health Knightdale Medical Center (Novant Knightdale) with 36 new AC beds and 1 new OR pursuant to the need determinations in the 2024 SMFP for 70 AC beds and 4 ORs in Wake County.

Novant Knightdale is proposed to be located at 102 Panther Rock Boulevard, Knightdale.

*Need Determination.* The applicant does not propose to develop more acute care beds or ORs than are determined to be needed in the Wake County service area. In Section B, pages 26-27, and Exhibit C-1.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP.

*Policy GEN-3.* In Section B, pages 29-31, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 32-34 the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 and ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 both acute care bed services and OR services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to both acute care beds services and OR services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12535-24/ WakeMed (WakeMed Raleigh)/ Develop 2 ORs**



WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop no more than 2 new ORs at the WakeMed Raleigh Campus (WakeMed Raleigh) pursuant to the 2024 SMFP need determination for 4 ORs in Wake County.

WakeMed is located at 3000 New Bern Avenue in Raleigh.

*Need Determination.* The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 27-30, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$8.4 million. In Section B, page 31, and Exhibit B.21, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 operating rooms than are determined to be needed in the service area.
- 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 operating rooms services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to operating room services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

- The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Project ID #J-12536-24/ WakeMed North Hospital (WakeMed North)/ Develop 25 AC Beds**

WakeMed, (hereinafter referred to as "WakeMed" or "the applicant") proposes to develop 25 new AC beds at WakeMed North Hospital (WakeMed North) pursuant to the 2024 SMFP need determination for 70 AC beds in Wake County which would be a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP). Project ID# J-12419-23 was conditionally approved and the Agency decision is currently under appeal.

WakeMed North is located at 10000 Falls of Neuse Road in Raleigh.

*Need Determination.* In Section B, page 26, and Exhibit I.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 28-30, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$20.3 million. In Section B, page 31, and Exhibit B.21, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 Wake County; and
  - The applicant adequately documents how the project will promote equitable access to acute care beds services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12537-24/ WakeMed Cary Hospital (WakeMed Cary)/ Develop 24 AC Beds**

WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop 24 new AC beds at WakeMed Cary Hospital (WakeMed Cary) pursuant to the 2024 SMFP need determination for 70 AC beds in Wake County which would be a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP). Project ID# J-12418-23 was conditionally approved and that Agency decision is currently under appeal.

WakeMed Cary is located at 1900 Kildaire Farm Road in Cary.

*Need Determination.* In Section B, page 25, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 27-29, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$28.9 million. In Section B, page 30, and Exhibit B.21, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 Wake County; and
  - The applicant adequately documents how the project will promote equitable access to acute care beds services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12538-24/ WakeMed (WakeMed Raleigh)/ Develop 21 AC Beds**

WakeMed, (hereinafter referred to as “WakeMed” or “the applicant”) proposes to develop no more than 21 additional AC beds at the WakeMed Raleigh Campus (WakeMed Raleigh) pursuant to the 2024 SMFP need determination for 70 AC beds in Wake County.

WakeMed North is located at 3000 New Bern Avenue in Raleigh.

*Need Determination.* In Section B, page 25, and Exhibit I.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 27-29, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$3.9 million therefore Policy GEN-4 is not applicable to this application.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 Wake County; and

- The applicant adequately documents how the project will promote equitable access to acute care beds services in Wake County; and
- The applicant adequately documents how the project will maximize healthcare value for the resources expended.

### **Project ID #J-12542-24/ UNC REX Hospital (UNC Rex Raleigh)/ Develop 20 AC Beds and 2 ORs**

Rex Hospital, Inc. (hereinafter referred to as “Rex Inc.” or “the applicant”) proposes to add no more than 20 new AC beds and 2 new ORs at UNC Health Rex Hospital (hereinafter also referred to as UNC Rex Raleigh) pursuant to the need determination in the 2024 SMFP for 70 AC beds and 4 ORs in Wake County.

UNC is located at 4420 Lake Boone Trail, Raleigh.

*Need Determination.* The applicant does not propose to develop more acute care beds or ORs than are determined to be needed in the Wake County service area. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP.

*Policy GEN-3.* In Section B, pages 27-31, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 32, and Section K, page 112, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 and ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 both acute care bed services and OR services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to both acute care beds services and OR services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12543-24/ UNC Health Rex Wake Forest Hospital (UNC Rex Wake Forest)/ Develop a new hospital with 50 AC beds and 2 ORs**

Rex Hospital, Inc. (hereinafter referred to as "Rex Inc." or "the applicant") proposes to develop a new acute care hospital, UNC Health Rex Wake Forest Hospital (UNC Rex Wake Forest) with 50 new AC beds and 2 new ORs pursuant to the need determination in the 2024 SMFP for 70 AC beds and 4 ORs in Wake County.

UNC Rex Wake Forest is proposed to be located at the intersection of Capital Blvd. and Durhan Road, Wake Forest.

*Need Determination.* The applicant does not propose to develop more acute care beds or ORs than are determined to be needed in the Wake County service area. In Section B, page 25, and Exhibit C.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP.

*Policy GEN-3.* In Section B, pages 27-31, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 32, and Section K, page 130, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates

that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 and ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 both acute care bed services and OR services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to both acute care beds services and OR services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Project ID #J-12546-24/ Duke Raleigh Hospital (Duke Raleigh)/ Develop 41 AC Beds**

Duke University Health System, Inc. (hereinafter referred to as "DUHS" or "the applicant") proposes to add no more than 41 AC beds at Duke Raleigh Hospital (Duke Raleigh) pursuant to the need determination in the 2024 SMFP for 70 AC beds in Wake County.



Duke Raleigh Hospital is located at 3400 Wake Forest Road, Raleigh.

*Need Determination.* In Section B, page 23, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, page 26, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$15.2 million. In Section B, page 27, and Exhibit F.1, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 Wake County; and

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

### **Project ID #J-12547-24/ Duke Raleigh Hospital (Duke Raleigh)/ Develop 3 ORs**

Duke University Health System, Inc. (hereinafter referred to as "DUHS" or "the applicant") proposes to add no more than 3 new ORs at Duke Raleigh Hospital (Duke Raleigh) pursuant to the need determination in the 2024 SMFP for 4 ORs in Wake County.

Duke Raleigh Hospital is located at 3400 Wake Forest Road, Raleigh.

*Need Determination.* The applicant does not propose to develop more ORs than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, page 26, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$1.0 million. Therefore, Policy GEN-4 is not applicable to this application.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 operating rooms than are determined to be needed in the service area.

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of operating rooms services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to operating room services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

### **Project ID #J-12548-24/ Duke Cary Hospital (Duke Cary)/ Develop 17 AC Beds**

Duke University Health System, Inc. (hereinafter referred to as “DUHS” or “the applicant”) proposes to develop 17 new AC beds at Duke Cary Hospital (Duke Cary) pursuant to the need determination in the 2023 SMFP for 70 AC beds in Wake County which would be a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh) for a total of 57 AC beds upon completion of the two projects.

Duke Cary is proposed to be located at 200 Duke Health Cary Place, Cary.

*Need Determination.* In Section B, page 23, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP. Furthermore, the applicant does not propose to develop more acute care beds than are determined to be needed in the Wake County service area.

*Policy GEN-3.* In Section B, pages 26-27, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is approximately \$208.1 million. In Section B, pages 27-28, and Exhibit F.1, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- 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 the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 Wake County; and
  - The applicant adequately documents how the project will promote equitable access to acute care bed services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

**Project ID #J-12549-24/ Duke Garner Hospital (Duke Garner)/ Develop a new hospital with 12 AC beds and 1 OR**

Duke University Health System, Inc. (hereinafter referred to as "DUHS" or "the applicant") proposes to develop a new acute care hospital, Duke Garner Hospital (Duke Garner) with no more than 12 acute care beds and one operating room pursuant to the 2024 SMFP need determinations for 70 AC beds and 4 ORs in Wake County.

Duke Garner is proposed to be located at 130 Timber Drive East, Garner.

*Need Determination.* The applicant does not propose to develop more acute care beds or ORs than are determined to be needed in the Wake County service area. In Section B, page 22, and Exhibit B.1, the applicant adequately demonstrates that it meets the requirements for proposals to operate additional acute care beds in a hospital as described in Chapter 5, pages 34-35, of the 2024 SMFP.

*Policy GEN-3.* In Section B, pages 25-26, the applicant explains why it believes its application is conforming to Policy GEN-3.

*Policy GEN-4.* The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 26, Section K, page 130, and Exhibit F.1, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 and ORs than are determined to be needed in the service area.
- The applicant adequately demonstrates it meets the eligibility criteria needed to apply for acute care beds as set forth in the 2024 SMFP, Chapter 5, pages 34-35.
- 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 both acute care bed services and OR services in Wake County; and
  - The applicant adequately documents how the project will promote equitable access to both acute care beds services and OR services in Wake County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

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

**C**  
**The Rest of the Applications**

**NC**  
**Novant Knightdale**

**Project ID #J-12533-24/ WakeMed North / Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

**Patient Origin**

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. WakeMed North is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for operating rooms at WakeMed North Hospital.

**WakeMed North Hospital: Operating Rooms**

County or other geographic area such as ZIP Code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2028 to 9/30/2029)	
	Patients	% of Total	Patients	% of Total
27502, Apex, Wake County	24	0.5%	22	0.4%
27519, Cary, Wake County	25	0.5%	22	0.4%
27520, Clayton, Johnston County	40	0.8%	28	0.5%
27522, Creedmoor, Granville County	35	0.7%	36	0.6%
27525, Franklinton, Franklin County	159	3.3%	239	4.1%
27526, Fuquay Varina, Wake County	35	0.7%	38	0.6%
27527, Clayton, Johnston County	40	0.8%	43	0.7%
27529, Garner, Wake County	66	1.4%	49	0.8%
27537, Henderson, Vance County	45	0.9%	50	0.9%
27545, Knightdale, Wake County	138	2.9%	201	3.4%
27549, Louisburg, Franklin County	195	4.1%	270	4.6%
27560, Morrisville, Wake County	38	0.8%	41	0.7%
27571, Rolesville, Wake County	77	1.6%	102	1.7%
27587, Wake Forest, Wake County	738	15.5%	1,009	17.2%
27591, Wendell, Wake County	149	3.1%	191	3.3%
27596, Youngsville, Franklin County	239	5.0%	307	5.3%
27597, Zebulon, Wake County	168	3.5%	240	4.1%
27603, Raleigh, Wake County	40	0.8%	23	0.4%
27604, Raleigh, Wake County	98	2.1%	174	3.0%
27606, Raleigh, Wake County	30	0.6%	18	0.3%
27609, Raleigh, Wake County	78	1.6%	80	1.4%
27610, Raleigh, Wake County	128	2.7%	95	1.6%
27612, Raleigh, Wake County	48	1.0%	47	0.8%
27613, Raleigh, Wake County	123	2.6%	135	2.3%
27614, Raleigh, Wake County	272	5.7%	339	5.8%
27615, Raleigh, Wake County	235	4.9%	312	5.3%
27616, Raleigh, Wake County	297	6.3%	493	8.4%
27617, Raleigh, Wake County	61	1.3%	86	1.5%
27703, Durham, Durham County	102	2.1%	138	2.4%
27713, Durham, Durham County	32	0.7%	29	0.5%
27803, Rocky Mount, Nash County	31	0.7%	31	0.5%
27804, Rocky Mount, Nash County	32	0.7%	29	0.5%
27856, Nashville, Nash County	29	0.6%	27	0.5%
Remainder of Wake County	136	2.9%	168	2.9%
Other NC	707	14.9%	701	12.0%
Out of State	60	1.3%	42	0.7%
<b>Total Patients</b>	<b>4,750</b>	<b>100.0%</b>	<b>5,853</b>	<b>100.0%</b>

Source: Tables on pages 38 and 41 of the application.

In Section C, page 40, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable

and adequately supported because they are based on the historical [FY 2023] patient origin for WakeMed North.

### **Analysis of Need**

In Section C, pages 41-61, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for operating rooms in Wake County (See pages 45-46).
- Wake County specific need for hospital-based operating room capacity (See pages 47-50).
- WakeMed operating rooms are among the most highly utilized in Wake County (See pages 50-57).
- North Carolina statutory constraints and other factors contributing to WakeMed North's surgical capacity constraints (See page 62).
- Need for timely access to surgical care (See pages 55-57).
- Service area population growth, aging, and demographics (See pages 57-62).

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

- The 2024 SMFP contains a need determination for 4 ORs in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional ORs at WakeMed North in Wake County.
- As shown in the discussion regarding projected utilization below, in the third project year (FY2029) the WakeMed North facility has a projected deficit of 4 ORs, or, said differently, the WakeMed North facility has a projected need for the 2 ORs applied for in this application.

### **Projected Utilization**

In Section Q, Forms C.3b, page 134, the applicant provides projected utilization for the ORs at WakeMed North, as illustrated in the following table.



**WakeMed North Hospital: Projected OR Cases**

Surgical Cases	1 <sup>st</sup> PY FFY 2027*	2 <sup>nd</sup> PY FFY 2028	3 <sup>rd</sup> PY FFY 2029
# of ORs	6	6	6
IP Cases	1,434	1,554	1,694
OP Cases	3,830	3,953	4,154
Total Surgical Cases	5,264	5,507	5,848

Source: Form C.3b, page 134.

\*All Fiscal Years run from 10/1/\_\_\_ to 9/30/\_\_\_.

In Section Q, WakeMed North Raleigh Need and Utilization Methodology, pages 158-181, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital; and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2027, FY2028 and FY2029.
- WakeMed uses internal WakeMed sources for historical discharge data.
- Claritas is the source of ZIP Code population data. The applicant states Claritas is “a national demographer.” (See page 158).
- “PSA” stands for Proposed Service Area.
- The applicant states that “The methodology assumes that patient need for surgical operating rooms will be consistent with recent history in the proposed service area and that population growth will change the level of need.” (See page 158).

***Forecast Need and Surgical Operating Room Utilization***

- Step 1. Define WakeMed Raleigh Operating Room Service Area (See page 159).*
- Step 2. Determine WakeMed North’s Service Area Population CAGR 2024-2029 (See page 160).*

**Project Inpatient Operating Room Cases**

- Step 3. Determine Historical Inpatient Operating Room Cases for WakeMed North Hospital from the Proposed WakeMed North Service Area (See page 161).*
- Step 4. Calculate Projected WakeMed Raleigh Inpatient Operating Room Volumes from the Proposed Service Area (See pages 162-163).*
- Step 5. Project Inpatient OR Cases from Other Areas (In-migration) to WakeMed North (See page 164).*
- Step 6. Account for Inpatient Surgical Cases Shifted Between WakeMed Facilities (See pages 165-167).*

**Project Outpatient Operating Room Cases**

- Step 7. Determine Historical Outpatient Operating Room Volumes (See pages 168).*
- Step 8. Calculate Projected WakeMed North Outpatient Operating Room Cases from the Proposed Service Area (See pages 169-170).*
- Step 9. Project Outpatient OR Cases from Other Areas (In-migration) to WakeMed North (See page 171).*
- Step 10. Account for Outpatient Surgical Cases Shifted Among WakeMed Facilities (See pages 172-175).*
- Step 11. Sum WakeMed North Inpatient and Outpatient Surgical Cases (See page 176).*

**Project WakeMed North Operating Room and Procedure Room Need**

- Step 12. Determine WakeMed North Historical Surgical Case Times, FY 2021-FY 2023 (See page 177)*
- Step 13. Estimate Annual Surgical Hours at WakeMed North FY 2025-FY 2030 (See page 177).*
- Step 14. Estimate WakeMed North Operating Room Capacity, FY 2025-FY 2030 (See pages 178-179).*
- Step 15. Estimate WakeMed North Procedure Room Utilization, FY 2025-FY 2030 (See pages 180-181).*

**WakeMed North Hospital: Historical and Interim**

<b>Surgical Cases</b>	<b>Last Full FY23</b>	<b>Interim FY24</b>	<b>Interim FY25</b>	<b>Interim FY26</b>
# of ORs	4	4	4	4
IP Cases	1,050	1,140	1,177	1,191
OP Cases	3,700	3,553	3,440	3,488
Total Surgical Cases	4,750	4,693	4,617	4,679

Source: Form C.3a, page 132.  
 All fiscal years run from October 1st through September 30<sup>th</sup>.

**WakeMed North Hospital: Projected OR Cases**

Surgical Cases	1 <sup>st</sup> PY FY27	2 <sup>nd</sup> PY FY28	3 <sup>rd</sup> PY FY29
# of ORs	6	6	6
IP Cases	1,434	1,554	1,694
OP Cases	3,830	3,953	4,154
Total Surgical Cases	5,264	5,507	5,848

Source: Form C.3b, page 134.  
 All fiscal years run from October 1st through September 30<sup>th</sup>.

To demonstrate OR need at WakeMed North the applicant used incorrect case time in calculating both IP and OP surgical hours in both Forms C.3a and C.3b as well as in Step #12 on page 177. Per the Criteria and Standards for Surgical Services and Operating Rooms (“The OR Rules”), the Operating Room Need Methodology in the 2024 SMFP and the CON Application Form the case time to be used to calculate IP surgical hours for IP surgical cases at WakeMed North is 187.2 minutes and the case time to be used to calculate OP surgical hours for OP surgical cases at WakeMed North is 137.6 minutes. The project analyst showed the projected OR Surplus/(Deficit) at WakeMed North using both the IP and OP case times used by the applicant and the correct IP and OP case times. In both calculations the WakeMed facility had a projected an OR deficit of over 2 ORs.

**WakeMed North: FY 2029- Projected OR Utilization**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
		1	2
A	Inpatient Surgical Cases	1,694	1,694
B	Inpatient Surgical Case Times (in Minutes)	150.6	187.2
C	Inpatient Surgical Hours (Row B/60 min)	4,252	5,285
D	Outpatient Surgical Cases	4,154	4,154
E	Outpatient Surgical Case Times (in Minutes)	131.4	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	9,097	9,520
G	Total Surgical Cases (Row A + Row D)	5,848	5,848
H	Total Surgical Hours (Row C + Row F)	13,349	14,805
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed (Row H / Row J)	6.85	7.59
L	Existing and Approved ORs at WakeMed North	4	4
M	Projected OR Surplus/ (Deficit)*	(2.85)	(3.59)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.  
 \*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the table above, in the third project year the WakeMed North facility has a projected deficit of either 2.85 (Column 1) or 3.59 Column 2 ORs [See Row M (Row K-Row L = Row M)], therefore, the WakeMed North facility has a projected need for the 2 ORs applied for in this application.

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

- The applicant proposes to add 2 new ORs at WakeMed North in Wake County and there is a need determination in the 2024 SMFP for 4 ORs in Wake County.
- In the 2024 SMFP, the WakeMed Health System shows a projected operating room deficit of 4.26 OR in Wake County for 2026.
- The applicant projected IP surgical cases based on 1) historical data increased by the service area population growth CAGR; 2) In-migration; and 3) projected shifts of surgical cases from WakeMed Raleigh to WakeMed North.
- The applicant accounted for the projected shift of IP surgical cases from WakeMed North to WakeMed Garner [Project ID# J-12264-22]. See summary table of inpatient surgical cases on table on page 167.
- Population growth and aging of the population in the WakeMed North proposed service area. The applicant calculated a weighted population growth for the primary service area. Overall population and growth of the 65+ age cohort are cited in Section C.4, pages 58-61. See tables on pages 59-60.
- The applicant provided the population data used to calculate a projected growth CAGR of 1.32% for 2024-2029 in WakeMed North's PSA for IP surgical cases projections.
- The applicant reasonably projected OP surgical cases based on 1) historical data projected forward by the population growth CAGR; 2) in-migration; and 3) OP surgical case shift from WakeMed Raleigh to WakeMed North. The applicant provided reasonable explanations of the slight decline in OP surgical cases at WakeMed North in FY2024.
- The applicant accounted for projected OP surgical case shifts from WakeMed North to WakeMed Garner [Project ID# J-12264-22] and projected OP surgical case shifts from WakeMed North to two approved ASCs: WakeMed Surgery Center-Cary and WakeMed Surgery Center-North Raleigh. Both ASCs applied for 2 ORs but were only approved for 1 OR each. As part of projections, OP surgical cases were projected to shift from WakeMed North to both ASCs. WakeMed accounts for these shifts in this application however, since only one of the two ORs applied for in each ASC application was approved WakeMed is only accounting for half of the original projected shift of OP cases, which is reasonable.

- The applicant relied on data from Claritas to demonstrate the projected population growth and aging in the service area.

**Access to Medically Underserved Groups**

In Section C.6, page 69, the applicant states,

*“WakeMed ensures access to health care services for all patients, regardless of income, payer status, gender, sexual orientation, race, ethnicity, or physical handicap.*

...

*Across each of its facilities, WakeMed uses a consistent set of policies to ensure access to all patients regardless of ability to pay.”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons	8.7%
Racial and ethnic minorities	44.8%
Women	64.2%
Persons with Disabilities	9.5%
The elderly	22.5%
Medicare beneficiaries	36.9%
Medicaid recipients	4.4%

Source: Table on page 72 of the application.

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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12534-24/ Novant Health Knightdale Medical Center/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital in Knightdale with 36 new acute care beds and 1 OR pursuant to the need determination in the 2024 SMFP.

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. Novant Knightdale hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. The proposed Novant Knightdale hospital is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin for Novant Knightdale Hospital.

Entire Facility	Novant Knightdale Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	CY2030		CY2031		CY2032	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake County	13,784	69.1%	14,071	69.1%	14,331	69.0%
Johnston County	2,055	10.3%	2,097	10.3%	2,156	10.4%
Nash County	519	2.6%	509	2.5%	514	2.5%
Franklin County	1,596	8.0%	1,649	8.1%	1,691	8.1%
In-Migration	1,995	10.0%	2,036	10.0%	2,077	10.0%
<b>Total</b>	<b>19,948</b>	<b>100.0%</b>	<b>20,364</b>	<b>100.0%</b>	<b>20,769</b>	<b>100.0%</b>

Source: Table on page 50 of the application.

In Section C, pages 47-48, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states,

*“In the assumptions and methodology for Form C.1b, NH Knightdale describes its projected shift of inpatient discharges from its primary and secondary service areas. The applicants rely on CY 2023 HIDI as the base year for projecting inpatient discharges. Some zip codes cross county boundary lines. The HIDI data reports both patient county of residence and patient zip code. The Applicants maintained the CY 2023 –patient origin distribution through all project years. As discussed in Section Q, NH Knightdale expects 90% of its patients will come from the primary and secondary service areas and an additional 10% will in-migrate from other areas. The actual number of patients for each county shown are the patients from the service area zip codes in the listed county. The table below provides a very conservative estimate of patients from the listed counties, as some of the in-migration is likely to come from areas in Wake, Johnston, Nash, and Franklin counties that are outside of the service-area zip codes.*

*Surgical cases and non-surgical cases are driven by the projected acute-care discharges and are therefore projected to have similar patient origin patterns. Please note small changes in patient origin between years is due to rounding. The Applicants do not expect any significant variation in patient origin in the initial 3 years of operations.*

However, the applicant’s assumptions are not reasonable and adequately supported as projected discharges are not reasonable and adequately supported. See discussion below under projected utilization.

**Analysis of Need**

In Section C, pages 51-71, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for acute care beds and ORs in the 2024 SMFP (pages 51-52).
- Growth in acute care discharges at Wake County hospitals and in the service area (pages 52-56).
- The growing and aging population (pages 56-62).
- The need to improve access for residents of eastern Wake County (pages 62-64).
- The need for an additional hospital-based ED and increased ED capacity in Wake County, particularly eastern Wake County (pages 64-67).
- The need for an OR and procedure rooms to meet service-area residents’ surgical needs (pages 67-69).
- Support from area physicians, and residents (pages 69-71).

However, the information is not reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

The projected need and utilization rely on projected discharges and projected average length of stay, neither of which is adequately nor reasonably supported. See discussion below under projected utilization.

Projected Utilization

In Section Q, Forms C.1b, page 147, Form C.2b, page 163, and C.3b, page 173, C.4b, page 180, the applicant provides projected utilization for its acute care beds, operating room, medical equipment and other hospital services, as illustrated in the following tables.

*Acute Care Beds*

**Novant Knightdale Projected Acute Care Bed Utilization**

	<b>Partial FY 10/1/2029 – 12/31/2029</b>	<b>1<sup>st</sup> FFY* CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> CY 2032</b>
Total # of Beds	36	36	36	36
# of Discharges	499	2,017	2,059	2,100
# of Patient Days	2,193	8,865	9,049	9,229
ALOS	4.39	4.40	4.39	4.39
Occupancy Rate	66.2%	67.5%	68.9%	70.0%

Source: Form C.1b, page 147.  
 \*All fiscal years (FY) are calendar years.



*Operating Room*

**Novant Knightdale Hospital: Projected OR Cases**

<b>Surgical Cases</b>	<b>Partial FY 10/1/2029 – 12/31/2029</b>	<b>1<sup>st</sup> FFY CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> FFY CY2032</b>
# of ORs	1	1	1	1
IP Cases	110	445	454	464
OP Cases	180	726	741	756
<b>Total Surgical Cases</b>	<b>290</b>	<b>1,171</b>	<b>1,195</b>	<b>1,220</b>

Source: Form C.3b, pages 173.

**Novant Knightdale: ED, Observation Beds, Ancillary and Support Services**

	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
	<b>CY30</b>	<b>CY31</b>	<b>CY32</b>
<b>Emergency Department</b>			
# of Treatment Rooms	16	16	16
# of Visits	10,565	10,786	11,001
<b>Observation Beds (unlicensed)</b>			
# of Beds	12	12	12
Days of Care	930	950	968
<b>Laboratory</b>			
Tests	41,477	43,363	44,225
<b>Physical Therapy</b>			
Treatments	13,868	14,157	14,439
<b>Speech Therapy</b>			
Treatments	1,241	1,266	1,295
Occupational Therapy			
Treatments	3,364	3,434	3,503
<b>Pharmacy Cases</b>			
Units	10,180	10,391	10,598
<b>Total Outpatient Encounters</b>			
Units	17,931	18,305	18,669
<b>CT Scanner</b>			
# of Units	2	2	2
# of Scans	7,369	7,523	7,672
# of HECT Units	11,067	11,297	11,523
<b>Fixed X-Ray (including fluoro)</b>			
# of Units	2	2	2
# of Procedures	4,041	4,125	4,208
<b>MRI Scanner</b>			
# of Units	Mobile	Mobile	Mobile
# of Procedures	1,498	1,529	1,559
# of Weighted Procedures	1,855	1,893	1,931
<b>Nuclear Medicine</b>			
# of Units	1	1	1
# of Procedures	1,200	1,224	1,249
<b>Ultrasound</b>			
# of Units	3	3	3
# of Procedures	1,813	1,851	1,888
<b>Portable X-Ray</b>			
# of Units	2	2	2
# of Procedures	4,041	4,125	4,207

Source: Section Q, Form C.2b, page 163, and Form C.4b, page 180.  
 All Fiscal Years are calendar years.

In Section Q, *Form C.1b Assumptions and Methodology*, pages 148-192, the applicant provides the assumptions and methodology used to project utilization for the proposed acute

care beds, operating room, medical equipment and other hospital services, which is summarized below.

### **Acute Care Beds (pages 148-162)**

#### Background

ICU- Intensive Care Unit  
CY- Calendar Year  
ED- Emergency Department  
LAC- Limited Acute Care  
MSDRG- Medical Severity Diagnosis-Related Groups  
HIDI- Hospital Industry Data Institute

#### Basis for Inpatient Day Projections

*Novant Knightdale Service Area (pages 149-150).*

*Step #1: Determine Base Year Volume for Projections (pages 150-151).*

#### Projecting Discharges and Inpatient Days Through 2032

*Step #2: Calculate Population Compound Annual Growth Rate (CAGR) (pages 151-152).*

*Step #3: Apply CAGR to Past LAC Discharges to Arrive at Future Service Area LAC Discharges (pages 153-155).*

#### Project Discharges at NH Knightdale

*Step #4: Determine Market Share Shifts for Service Area Patients (page 156).*

*Step #5: Apply Market Share Shift to Projected Service Area Discharges in LAC MSDRGs (pages 156-157).*

*Step #6: Calculate Partial Year (page 157).*

*Step #7: Account for In-Migration (pages 157-158).*

*Step #8: Project Patient Days (pages 158-159).*

*Step #9: (mis-labeled in application as Step #7) Calculate ICU Patient Days (pages 160-162).*

#### Major Medical Equipment (pages 163-172)

Data Sources (page 164)

Method for Projecting Medical Equipment Volumes

*Step 1: Determine Past Imaging Ratios (page 165).*

*Step 2: Apply Ratios to Projected Inpatient Days and Outpatient Encounters (page 166)*

*Step 3: Project CT HECT Units (page 167).*

*Step 4A: Determine Mix of Base Year MRI Scans and Weights (pages 168-172).*

Operating Room (pages 173-179)

Surgical Volume

Underlying Assumptions for Inpatient Surgical Volume Treated at Novant Knightdale (175-176)

Step 1: Project Surgical Inpatients (pages 175-176)

Step 2: Project Surgical Outpatients (pages 176-178)

Step 3: Calculate Total Surgical Hours (page 178)

Step 4: Calculate Non-Surgical Volume (pages 178-179)

Conclusion (page 179)

Other Hospital Services (pages 180-192)

Emergency Department (181-187)

Project Years

Data Sources

LRA Data

Novant Health Internal Data (page 164)

ED Volume

Step #1: Project Emergency Department (ED) Volume (pages 184-187)

Observation Patients and Hours

Step 2: Project Observation Patients and Days of Care

Step 2A: Apply WakeMed Cary Ratio to Projected Novant Knightdale Discharges (pages 187-188)

Step 2B: Project Observation Hours (page 188).

Total Outpatients

Step 3 Project Total Outpatients (page 189)

Projection of other C4b Ancillary Hospital Volumes

Step 4: Calculate Inpatient and Outpatient Ratios for C.4b Services

Step 5: Apply Ratios to Projected Inpatient Days and Outpatient Encounters (pages 191-192).

Outpatients Patients (187-189)

Ancillary Hospital Volumes (pages 189-192).

However, projected utilization is not reasonable and adequately supported based on the following three, stand-alone, reasons:

*Issue #1: Projected market share of discharges is not reasonable.*

*Issue #2: Projected Average Length of Stay (ALOS) is not reasonable*

*Issue #3: Projected IP Discharges derived from the Emergency Department is not*

*reasonable as the applicant did not account for the WakeMed Free-Standing Emergency Department (FSED) in Wendell.*

*Issue #1: Projected market share of discharges is not reasonable.*

- The applicant identified a primary and secondary service area.
- The applicant identified inpatients in a limited range of Medical Severity Diagnosis-Related Groups (“MSDRGs”) that Novant Knightdale would normally see during its first three years of operation to be called the Limited Acute Care (LAC) MSDRGs.
- The applicant “grew” this group of patients, by ZIP code, based on a population CAGR through the first three project years (CY2030-CY2032).
- The applicant projected that from the primary service area 20% of the market share of LAC MSDRGs would shift to Novant Knightdale and from the secondary service area 10% of the market share of LAC MSDRGs would shift to Novant Knightdale.

**Novant Knightdale: Projected Discharges from Primary and Secondary Service Area**

Row		PY1 (CY2030)	PY2 (CY203)	PY3 (CY2032)
A	<b>Primary Service Area</b>			
B	LAC MSDRGs	5,657	5,768	5,882
C	Projected Market Shift to Novant Knightdale	20%	20%	20%
D	Projected Discharges	1,131	1,155	1,176
E	<b>Secondary Service Area</b>			
F	LAC MSDRGs	6,843	6,988	7,137
G	Projected Market Shift to Novant Knightdale	10%	10%	10%
H	Projected Discharges	684	698	714
I	<b>Total Projected Discharges (Row D + Row H)</b>	<b>1,815</b>	<b>1,853</b>	<b>1,890</b>

Source: Table on page 157.

The applicant also projected 10% of total discharges would come from areas outside of the primary and secondary service areas (in-migration) as illustrated in the table below.

**Novant Knightdale: Projected In-migration discharges**

	PY1 (CY2030)	PY2 (CY203)	PY3 (CY2032)
Discharges from the Primary & Secondary Service Area	1,815	1,853	1,890
In-migration 10% of total discharges	202	206	210
<b>Total Discharges</b>	<b>2,017</b>	<b>2,059</b>	<b>2,100</b>

Source: Table on page 158.

The projected 20% market share from the primary service area and 10% market share from the secondary service area (20%/10%) is not reasonable.

The applicant provided the basis for the projected market shares of 20%/10% in Step 4 on page 156 of the application. The applicant referenced the table below and stated:

*“Based on market share at these hospitals, NH determined a 20% market share shift from the primary service-area supported zip codes and a 10% market shift from the secondary service area was reasonable and adequately supported, based on comparable community hospitals.”*

Hospital	County	Beds	Primary Service Area Market Share	Secondary Service Area Market Share
Rex Holly Springs	Wake	50	31%	14%
NH Mint Hill	Mecklenburg	36	19%	8%
NH Kernersville	Forsyth	50	43%	25%

Source: Table on page 156 of the application.

Wake, Mecklenburg and Forsyth counties are each an acute care bed service area per the 2024 SMFP.

The three hospitals referenced are each part of an existing, larger hospital system within that service area. In sharp contrast, the applicant, Novant, has no existing acute care beds or operating rooms in Wake County. Novant has no existing hospital system in Wake County or any even any of the counties surrounding Wake County.

Each of the three hospital systems is anchored by a tertiary hospital. Again, in contrast, the proposed Novant Knightdale hospital would be the first hospital in a Novant hospital system in Wake County. Furthermore, Wake County has three well-known, long-established hospital systems, each with multiple existing or approved hospital campuses in Wake County.

Proposing that a brand-new small community hospital, unsupported by an existing hospital system within the Wake County acute care bed service area and competing with three long established hospitals systems within the service area would reasonably command a 20%/10% market shift within a designated group of patients within its first three years of operation is not reasonable or supported by the application, exhibits to the application, comments, response to comments, remarks at the public hearing, or information publicly available during the review and used by the Agency.

*Issue #2: Projected Average Length of Stay (ALOS) is not reasonable.*

In Section Q, Form C.1b Assumptions and Methodology, pages 158-160, the applicant identified area hospitals for comparison, identified patient days and discharges of the same pool of patients the applicant used to project discharges at Novant Knightdale and from that data projected an ALOS for Novant Knightdale by totaling patient days and dividing patient days by the total discharges. The applicant then projected patient days at Novant Knightdale using projected discharges and projected ALOS as illustrated in the tables below.

**FY2023**

Hospital	Discharges	Patient Days	ALOS
	1	2	3
Duke Raleigh Hospital	1,977	9,259	4.68
Johnston Health Clayton	381	1,591	4.18
Nash UNC Health Care	155	652	4.21
UNC Health Johnston	306	1,499	4.90
UNC Rex Holly Springs	8	24	3.00
WakeMed Cary Hospital	249	1,232	4.95
WakeMed North Hospital	689	2,290	3.32
Total	3,765	16,547	<b>4.39</b>

Source: Table on page 159 of the application.

		PY1 (CY2030)	PY2 (CY203)	PY3 (CY2032)
A	Beds	36	36	36
B	Discharges	2,017	2,059	2,100
C	ALOS	4.39	4.39	4.39
D	Patient Days (Row B * Row C)	8,865	9,049	9,229
E	ADC (Row D/ 365)	24.29	24.79	25.22
F	Occupancy (Row E/Row A)	67.5%	68.9%	70.0%

Source: Table on page 160 of the application.

The applicant did not include UNC Rex Healthcare or WakeMed Raleigh as comparison hospitals stating on pages 156-157 that, “*The Applicants understand higher-acuity patients with longer lengths of stay may continue to see care at larger area hospitals. ... Therefore, to estimate patient days, the Applicants removed the two largest area hospitals. UNC Rex Healthcare, a hospital with 439 acute care beds, and WakeMed Raleigh, a 587-bed Level I trauma center.*”

However, Duke Raleigh Hospital, WakeMed Cary, Nash UNC Health Care and UNC Health Johnston are not reasonable comparative hospitals to use in projecting an ALOS for Novant Knightdale.

The table below shows the comparison hospitals with AC beds and ORs as well as the County each is located in. The Project Analyst notes that each of the counties listed is a single county acute care bed service area.

<b>Hospital</b>	<b>Beds</b>	<b>ORs</b>	<b>AC Bed Service Area (County)</b>
Novant Knightdale	36	1	Wake
UNC Rex Holly Springs	50	3	Wake
Johnston Health Clayton	50	3	Johnston
WakeMed North Hospital	71	4	Wake
UNC Health Johnston	126	5	Johnston
WakeMed Cary Hospital	200	10	Wake
Duke Raleigh Hospital	204	15	Wake
Nash UNC Health Care	250	13	Nash

Source: Table on page 159 of the application.  
 \*UNC Health Johnston and Johnson Health Clayton are 2 hospital campuses that operate under the same hospital license [H0151]. Both campuses are located in Johnston County. Johnston Health Clayton is located in Clayton. UNC Health Johnston a/k/a Johnston Health is located in Smithfield.  
 \*\*UNC Health Johnston has 126 AC beds not including 3 NICU beds.

As shown in the table above, Duke Raleigh Hospital, WakeMed Cary, Nash UNC Health Care and UNC Health Johnston are all much larger hospitals in terms of both the number of AC beds and ORs than the proposed Novant Knightdale hospital.

Nash UNC Health Care is the only hospital in Nash County and is located in a different AC bed service area.

UNC Health Johnston operates under the only hospital license in the Johnston County acute care bed service area and is the largest hospital in Johnston County. Furthermore, UNC Health Johnston is located in Smithfield whereas Johnston Health Clayton is located in Clayton which is much closer, and basically between, UNC Health Johnston and the proposed location of Novant Knightdale.

WakeMed Cary is a designated Level III trauma center and a long-established hospital that is part of a well-known hospital system in Wake County.

Duke Raleigh is also a long-established hospital that is part of the overall Duke Health System in North Carolina and benefits from a well-recognized name.

The three existing and operating hospitals identified by the applicant that are a fair comparison to the proposed Novant Knightdale Hospital are UNC Rex Health Holly



Springs, Johnston Health Clayton and WakeMed North. The project analyst, using these three hospitals and the information provided by the applicant shows projected ALOS in the table below using the applicant’s method of calculation:

Hospital	Discharges	Patient Days	ALOS
	1	2	3
Johnston Health Clayton	381	1,591	4.18
UNC Rex Holly Springs	8	24	3.00
WakeMed North Hospital	689	2,290	3.32
<b>Total</b>	<b>1,078</b>	<b>3,905</b>	<b>3.62</b>

Source: Table on page 159 of the application.

First: Total the discharges (Column 1).

Second: Total the Patient Days (Column 2)

Third: Projected ALOS equals total patient days divided by the total discharges.

Projected ALOS = 3,905 (patient days) / 1,078 (discharges) = 3.62.

Based on the above, the projected ALOS for Novant Knightdale of 4.39 is not reasonable.

The project analyst also did the ALOS calculation leaving out UNC Rex Holly Springs as it was a small sample size and had the lowest ALOS.

Hospital	Discharges	Patient Days	ALOS
	1	2	3
Johnston Health Clayton	381	1,591	4.18
WakeMed North Hospital	689	2,290	3.32
<b>Total</b>	<b>1,070</b>	<b>3,881</b>	<b>3.63</b>

Source: Table on page 159 of the application.

Projected ALOS: 3,881/ 1,070 = 3.63.

As an additional point of reference, in a decision dated January 27, 2023, the Agency approved WakeMed Garner, a new 31 bed acute care hospital with 2 ORs to be located in Garner, Wake County [See Project ID# J-12264-22]. The project analyst notes that the projected ALOS in that approved project was 3.0.

In the table below, the project analyst recalculated patient days for the third project year (CY2032) using an ALOS of 3.63 and the applicants projected discharges (which the project has already found to not be based on reasonable methodology and assumptions – see

discussion of projected market share above). As shown in Row F the projected occupancy with an ALOS of 3.63 is 58.03%, which is below the target occupancy of 66.7% as required by the AC bed Performance Rules.

		<b>PY3 (CY2032)</b>
A	Beds	36
B	Discharges	2,100
C	ALOS	3.63
D	Patient Days (Row B * Row C)	7,623
E	ADC (Row D/ 365)	20.89
F	Occupancy (Row E/Row A)	58.03%
G	Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	66.7%

Source: Table on page 160 of the application.

*Issue #3: Projected IP Discharges derived from the Emergency Department is not reasonable as the applicant did not account for the WakeMed Free-Standing Emergency Department (FSED) in Wendell.*

In Section Q, pages 157-158, the applicant provides projected discharges summarized in the table below.

**TABLE #1: Novant Knightdale: Projected In-migration discharges**

Row		<b>PY1 (CY2030)</b>	<b>PY2 (CY203)</b>	<b>PY3 (CY2032)</b>
A	Discharges from Primary Service Area	1,131	1,155	1,176
B	Discharges from Secondary Service Area	684	698	714
C	Total Discharges from Overall Service Area (Row A + Row B)	<b>1,815</b>	<b>1,853</b>	<b>1,890</b>
D	In-migration 10% of total discharges	202	206	210
E	Total Discharges (Row C + Row E)	<b>2,017</b>	<b>2,059</b>	<b>2,100</b>

Source: Table on page 158.

On pages 184-185 of the application the applicant identifies that:

- 92.12% of the projected IP discharges from the primary service area are projected to come through Novant Knightdale’s emergency department; and
- 91.44% of the projected IP discharges from the secondary service area are projected to come through Novant Knightdale’s emergency department; and
- 91.75% of the projected IP discharges from in-migration are projected to come through Novant Knightdale’s emergency department.

**Project Year 3 (CY 2032)**

	<b>CY2032</b>	<b>% of Discharges through the Emergency Department</b>	<b># of Discharges through the Emergency Department</b>	<b># of Discharges NOT through the Emergency Department</b>
	1	2	3	4
Primary Service Area	1,176	92.12%	1,083	93
Secondary Service Area	714	91.44%	653	61
In-Migration (from outside the Service Area)	210	91.75%	193	17
<b>Total Discharges</b>	<b>2,100</b>		<b>1,929</b>	<b>171</b>

The applicant states that Novant Knightdale (and thus its Emergency Department), would be, if approved, the easternmost AC beds and Emergency Department in Wake County. Per the map on page 150 of the application depicting Novant Knightdale’s primary and secondary service area, the vast majority of overall service area is east of the proposed location of Novant Knightdale.

The map on page 150 includes the location of both hospital-based emergency departments and free-standing emergency departments (FSED’s) in the service area. However, the WakeMed FSED in Wendell, located approximately 5 miles east of the proposed location of Novant Knightdale, is not shown on the map on page 150. There is no indication that the applicant accounted for the WakeMed FSED in Wendell when projecting utilization. The project analyst reviewed Novant’s application and exhibits and did not find any mention of the WakeMed FSED in Wendell. Notably, this issue was raised in comments and Novant, in responding to this comment did not cite anywhere in its application or exhibits the WakeMed FSED in Wendell.

It is reasonable to deduce that given the location of major traffic corridors, the location of the WakeMed Wendell FSED to the east of the proposed Novant Knightdale emergency department, the map of Novant Knightdale’s primary and secondary service areas and the fact that it does not seem reasonable that individuals in need of emergency care would drive past an emergency department to go to an emergency department located farther away the WakeMed Wendell FSED would have a significant impact on projected emergency department visits at Novant Knightdale. Which, in turn, would have a significant negative impact on projected IP discharges at Novant Knightdale given that over 91% of the projected IP discharges at Novant Knightdale are projected to originate from emergency room visits.

Therefore, projected IP discharges originating through the emergency department are not reasonably and adequately supported.

Individually, and standing alone, any of the three issues discussed above: *Issue #1: Projected market share of discharges is not reasonable; Issue #2: Projected Average Length of Stay (ALOS) is not reasonable; Issue #3: Projected IP Discharges derived from the Emergency Department is not reasonable as the applicant did not account for the WakeMed Free-Standing Emergency Department (FSED) in Wendell* render projected utilization at Novant Knightdale as not reasonable or adequately supported.

**Access to Medically Underserved Groups**

In Section C.6, page 76, page, the applicant states,

*“NH is a not-for-profit organization that does not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay. NH Knightdale will participate in both the Medicaid and Medicare programs. Uninsured patients with an annual family income less than or equal to 300% of the Federal Poverty Level will not get a bill. For example, under the NH charity care policy, a family of four with income at or below \$93,600 and no health insurance will not receive a bill for care received at NH facilities. This policy is applicable to all patients who will receive care at NH Knightdale.*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	N/A
Racial and ethnic minorities	59.22%
Women	61.12%
Persons with Disabilities*	N/A
Persons 65 and older	29.52%
Medicare beneficiaries	32.09%
Medicaid recipients	20.55%

Source: Table on page 78 of the application.  
 \* The numbers above were calculated using HIDI data, as that is the underlying source for the volume of inpatients projected at NH Knightdale and provides demographic data for both inpatients and outpatients in the proposed service area. HIDI data does not include data on disability status or income level.

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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 not conforming to this criterion for all the reasons described above.

### **Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

#### **Patient Origin**

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. WakeMed Raleigh is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for operating room services at WakeMed Raleigh Hospital.

2024 Wake County Acute Care Bed and OR Review

Project ID #'s J-12533-24, J-12534-24, J-12535-24, J-12536-24, J-12537-24, J-12538-24, J-12542-24, J-12543-24, J-12546-24, J-12547-24, J-12548-24, J-12549-24

County or other geographic area such as ZIP code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2027 to 9/30/2028)	
	# of Patients	% of Total	# of Patients	% of Total
27501, Angier, Harnett County	198	1.0%	184	1.1%
27502, Apex, Wake County	261	1.3%	243	1.5%
27504, Benson, Johnston County	205	1.1%	201	1.2%
27511, Cary, Wake County	191	1.0%	195	1.2%
27513, Cary, Wake County	209	1.1%	168	1.0%
27518, Cary, Wake County	117	0.6%	123	0.7%
27519, Cary, Wake County	182	0.9%	166	1.0%
27520, Clayton, Johnston County	554	2.9%	330	2.0%
27524, Four Oaks, Johnston County	183	0.9%	121	0.7%
27525, Franklinton, Franklin County	238	1.2%	184	1.1%
27526, Fuquay-Varina, Wake County	430	2.2%	424	2.5%
27527, Clayton, Johnston County	385	2.0%	436	2.6%
27529, Garner, Wake County	1,007	5.2%	562	3.4%
27530, Goldsboro, Wayne County	113	0.6%	79	0.5%
27537, Henderson, Vance County	110	0.6%	86	0.5%
27539, Apex, Wake County	150	0.8%	153	0.9%
27540, Holly Springs, Wake County	244	1.3%	205	1.2%
27542, Kenly, Johnston County	79	0.4%	66	0.4%
27545, Knightdale, Wake County	560	2.9%	509	3.0%
27549, Louisburg, Franklin County	358	1.8%	277	1.7%
27557, Middlesex, Nash County	171	0.9%	169	1.0%
27560, Morrisville, Wake County	118	0.6%	105	0.6%
27571, Rolesville, Wake County	113	0.6%	96	0.6%
27576, Selma, Johnston County	157	0.8%	161	1.0%
27577, Smithfield, Johnston County	230	1.2%	247	1.5%
27587, Wake Forest, Wake County	835	4.3%	716	4.3%
27591, Wendell, Wake County	487	2.5%	458	2.7%
27592, Willow Spring, Wake County	223	1.1%	107	0.6%
27596, Youngsville, Franklin County	311	1.6%	241	1.4%
27597, Zebulon, Wake County	597	3.1%	556	3.3%
27601, Raleigh, Wake County	138	0.7%	133	0.8%
27603, Raleigh, Wake County	715	3.7%	445	2.7%
27604, Raleigh, Wake County	681	3.5%	635	3.8%
27606, Raleigh, Wake County	343	1.8%	225	1.3%

Note: Table continues on next page.

County or other geographic area such as ZIP code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2027 to 9/30/2028)	
	# of Patients	% of Total	# of Patients	% of Total
27607, Raleigh, Wake County	106	0.5%	77	0.5%
27608, Raleigh, Wake County	72	0.4%	69	0.4%
27609, Raleigh, Wake County	328	1.7%	275	1.6%
27610, Raleigh, Wake County	1,505	7.7%	1,413	8.4%
27612, Raleigh, Wake County	225	1.2%	207	1.2%
27613, Raleigh, Wake County	250	1.3%	217	1.3%
27614, Raleigh, Wake County	329	1.7%	293	1.8%
27615, Raleigh, Wake County	397	2.0%	296	1.8%
27616, Raleigh, Wake County	760	3.9%	634	3.8%
27617, Raleigh, Wake County	117	0.6%	140	0.8%
27703, Durham, Durham County	176	0.9%	162	1.0%
27893, Wilson, Wilson County	199	1.0%	157	0.9%
27896, Wilson, Wilson County	101	0.5%	66	0.4%
28334, Dunn, Harnett County	222	1.1%	192	1.1%
Remainder of Wake County	226	1.2%	213	1.3%
Other NC	3,272	16.8%	3,164	18.9%
Out of State	256	1.3%	152	0.9%
<b>Total Patients</b>	<b>19,434</b>	<b>100.0%</b>	<b>16,731</b>	<b>100.0%</b>

Source: Tables on pages 39-40 and 43-44 of the application.

In Section C, page 43, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicants’ assumptions are reasonable and adequately supported because they are based on the historical [FFY 2023] patient origin for WakeMed Raleigh.

**Analysis of Need**

In Section C, pages 47-69, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Demand for operating rooms located in Wake County (See pages 48-51).
- Need for more hospital-based operating room capacity in Wake County (See pages 51-53).
- Sustained high demand for operating rooms at WakeMed Raleigh Campus (See pages 54-56).
- Other factors contributing to WakeMed Raleigh Campus operating room constraints (See pages 56-62).
- Catchment area population growth, aging, and other demographics (See pages 62-68).

- Forecast need and demand for surgical hours at WakeMed Raleigh Campus (See page 68).
- Need for Highest and Best Use of WakeMed Raleigh Surgical Department Spaces
- Community Support (See page 68 and Exhibit I.2).
- WakeMed Raleigh operating rooms’ reasonable and conservatively projected demand that meets / exceeds the required performance standards for operating room services (See pages 61-62).
- Surgical department spaces that no longer serve the population at the level of highest and best use (See pages 54-56).

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

- The 2024 SMFP contains a need determination for 4 ORs in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional ORs at WakeMed Raleigh in Wake County.
- As shown in the discussion regarding projected utilization below, in the third project year WakeMed Raleigh has a projected OR deficit of 4 ORs or, said differently, the WakeMed Raleigh facility has a projected need for the 2 ORs applied for in this application.

Projected Utilization

In Section Q, Form C.3b, pages 141-142, the applicant provides projected utilization for ORs for WakeMed Raleigh, as illustrated in the following table:

**WakeMed Raleigh Hospital: Projected OR Cases**

Surgical Cases	PY1 FFY2026*	PY2 FFY2027	PY3 FFY2028
# of ORs	21	21	21
IP Cases	8,790	8,679	8,413
OP Cases	9,631	9,174	8,318
Total Surgical Cases	18,421	17,853	16,731

Source: Form C.3b, page 141.  
 \*Note: All fiscal years run from 10/1/\_\_\_ to 9/30/\_\_\_.

In Section Q, WakeMed Raleigh Campus Operating Rooms Need and Utilization Methodology, pages 166-193, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.



### *Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital, and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2027, FY2028 and FY2029.
- “PSA” stands for Proposed Service Area.
- The applicant states that *“The methodology assumes that patient need for surgical operating rooms will be consistent with recent history in the proposed service area and that population growth will change the level of need.”* (See page 166).
- Following projected IP and OP surgical cases are done separately:
  - Steps 1-2 are used for both projections.
  - Inpatient volumes are projected in Steps 3-6.
  - Outpatient volumes are projected in Steps 7-10.
  - The results are then summed up in Step 11.

### ***Forecast Need and Surgical Operating Room Utilization***

*Step 1. Define WakeMed Raleigh Campus Operating Room Service Area (See pages 167-168).*

*Step 2. Determine WakeMed Raleigh’s Service Area Population CAGR 2024-2029 (See pages 169-170).*

### ***Project Inpatient Operating Room Volumes***

*Step 3. Determine Historical Inpatient Operating Room Volumes for WakeMed Raleigh Campus from the Proposed WakeMed Raleigh Campus Service Area (See pages 171-172).*

*Step 4. Calculate Projected WakeMed Raleigh Inpatient Operating Room Cases from the Proposed Service Area (See pages 173-174).*

*Step 5. Project Inpatient OR Cases from Other Areas (In-migration) to WakeMed Raleigh (See page 176).*

*Step 6. Subtract WakeMed Raleigh Inpatient Surgical Cases Shifted to Other WakeMed Facilities (See pages 176-178).*

### ***Project Outpatient Operating Room Cases***

*Step 7. Determine Historical Outpatient Operating Room Cases (See pages 179-180)*

*Step 8. Calculate Projected WakeMed Raleigh Outpatient Operating Room Cases from the Proposed Service Area (See pages 181-183)*

*Step 9. Project Outpatient OR Cases from Other Areas (In-migration) to WakeMed Raleigh Campus (See page 183)*

*Step 10. Subtract WakeMed Raleigh Campus Outpatient Surgical Cases Shifted to Other WakeMed Facilities (See pages 184-188)*

*Step 11. Sum WakeMed Raleigh Inpatient and Outpatient Surgical Cases (See page 189)*

**Project Number of Operating Rooms Needed at WakeMed Raleigh Campus**

*Step 12. Determine WakeMed Raleigh Campus Historical Surgical Case Times, FY 2021-FY 2023 (See page 190).*

*Step 13. Estimate Annual Surgical Hours at WakeMed Raleigh FY 2025-FY2030 (See page 190).*

*Step 14. Project WakeMed Raleigh Campus Operating Room Capacity, FY 2025-FY 2030 (See pages 191-192).*

*Step 15. Estimate WakeMed Raleigh Procedure Room Utilization, FY25-FY30 (See pages 192-193)*

**WakeMed Raleigh Hospital: Historical and Interim**

<b>Surgical Cases</b>	<b>Last Full FFY2023*</b>	<b>Interim FFY2024</b>	<b>Interim FFY2025</b>
# of ORs**	19	19	19
IP Cases	8,361	8,429	8,675
OP Cases	11,073	7,686	9,788
<b>Total Surgical Cases</b>	<b>19,434</b>	<b>16,115</b>	<b>18,463</b>

Source: Form C.3a, pages 139.

\*Note: All fiscal years run from 10/1/\_\_\_ to 9/30/\_\_\_.

\*\*Adjusted Planning Inventory does not include Dedicated C-Section ORs.

**WakeMed Raleigh Hospital: Projected OR Cases**

<b>Surgical Cases</b>	<b>PY1 FY26*</b>	<b>PY2 FY27</b>	<b>PY3 FY28</b>
# of ORs**	21	21	21
IP Cases	8,790	8,679	8,413
OP Cases	9,631	9,174	8,318
<b>Total Surgical Cases</b>	<b>18,421</b>	<b>17,853</b>	<b>16,731</b>

Source: Form C.3b, page 141.

\*Note: All fiscal years run from 10/1/\_\_\_ to 9/30/\_\_\_.

\*\*Adjusted Planning Inventory does not include Dedicated C-Section ORs.

To demonstrate OR need at WakeMed Raleigh the applicant used incorrect case time in calculating OP surgical hours in both Forms C.3a and C.3b. Per the Criteria and Standards for Surgical Services and Operating Rooms (“The OR Rules”), the Operating Room Need Methodology in the 2024 SMFP and the CON Application Form the case time to be used to calculate OP surgical hours for OP surgical cases at WakeMed Raleigh is 137.6 minutes. The project analyst showed the projected OR Surplus/(Deficit) at WakeMed Raleigh using both the IP and OP case times used by the applicant and the correct OP case time. In both calculations the WakeMed facility had a projected an OR deficit of over 4 ORs.

**WakeMed Raleigh: Projected OR Utilization for FY2028**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	8,413	8,413
B	Inpatient Surgical Case Times (in Minutes)	187.2	187.2
C	Inpatient Surgical Hours (Row B/60 Min)	26,217	26,217
D	Outpatient Surgical Cases	8,318	8,318
E	Outpatient Surgical Case Times (in Minutes)	138	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	19,124	19,076
G	Total Surgical Cases (Row A + Row D)	16,731	16,731
H	Total Surgical Hours (Row C + Row F)	45,341	45,293
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed (Row H / Row J)	23.3	23.23
L	Existing and Approved ORs at WakeMed Raleigh	19	19
M	Projected OR Surplus/ (Deficit)*	(4.3)	(4.23)

Source: Section Q, Form C.3b, pages 138-139.

Note: Totals might not foot due to rounding.

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the table above, in the third project year WakeMed Raleigh projected a deficit of 4 ORs [See Row M] therefore, WakeMed Raleigh has a projected need for the 2 ORs applied for in this application.

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

- The applicant proposes to add 2 new ORs at WakeMed Raleigh in Wake County and there is a need determination in the 2024 SMFP for 4 ORs in Wake County.
- In the 2024 SMFP, the WakeMed Health System shows a projected operating room deficit of 4.26 OR in Wake County for 2026.
- The applicant projected IP surgical cases based on 1) historical data grown by the service area population growth CAGR and 2) In-migration; and 3) projected shifts of IP surgical cases from WakeMed Raleigh to WakeMed North and WakeMed Garner.
- The applicant accounted for the projected shift of IP surgical cases from WakeMed Raleigh to WakeMed North. See summary table of inpatient surgical cases on table on page 178.
- The applicant accounted for the projected shift of IP surgical cases from WakeMed Raleigh to WakeMed Garner [Project ID# J-12264-22]. See summary table of inpatient surgical cases on table on page 178.
- Population growth and aging of the population in the WakeMed Raleigh proposed service area. The applicant calculated a weighted population growth for the primary service area. Overall population and growth of the 65+ age cohort are cited in Section C.4, pages 62-67. See tables on pages 64-65.
- The applicant provided the population data used to calculate a projected growth CAGR of 1.29% for 2024-2029 in WakeMed Raleigh's PSA for IP surgical cases projections.
- The applicant reasonably projected OP surgical cases based on 1) historical data projected forward by the population growth CAGR; 2) in-migration; and 3) OP surgical case shift from WakeMed Raleigh to WakeMed North, WakeMed Surgery Center-North Raleigh and WakeMed Surgery Center-Cary.
- The applicant accounted for projected OP surgical case shifts from WakeMed Raleigh to WakeMed Garner [Project ID# J-12264-22], from WakeMed Raleigh to WakeMed North per the application filed concurrently with this application for 2 new ORs at WakeMed North [Project ID# J-12533-24], and for projected OP surgical case shifts from WakeMed Raleigh to two approved ASCs: WakeMed Surgery Center-Cary and WakeMed Surgery Center-North Raleigh. Both ASCs applied for 2 ORs but were only approved for 1 OR each. As part of projections, OP surgical cases were projected to shift from WakeMed North to both ASCs. WakeMed does account for these shifts in this application however, since only one of the two ORs applied for in each ASC application was approved. WakeMed is only accounting for half of the original projected shift of OP cases, which is reasonable. (See summary table on page 188)
- The applicant relied on data from Claritas, a national demographer, to demonstrate the projected population growth and aging in the service area.

### **Access to Medically Underserved Groups**

In Section C.6, page 75, the applicant states,

*“WakeMed ensures access to health care services for all patients, regardless of income, payer status, gender, sexual orientation, race, ethnicity, or physical handicap.*

...

*Across all of its facilities, WakeMed uses a consistent set of policies to ensure access to all patients regardless of ability to pay.”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons	21.7%
Racial and ethnic minorities	45.6%
Women	62.8%
Persons with Disabilities*	9.5%
Persons 65 and older	13.3%
Medicare beneficiaries	40.5%
Medicaid recipients	15.7%

Source: Table on page 77 of the application.

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.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.

- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. WakeMed North hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services at WakeMed North Hospital.

**WakeMed North Hospital: Acute Care Beds**

County or other geographic area such as ZIP Code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2028 to 9/30/2031)	
	Patients	% of Total	Patients	% of Total
27525, Franklinton, Franklin County	282	5.2%	456	4.5%
27545, Knightdale, Wake County	85	1.6%	245	2.4%
27549, Louisburg, Franklin County	217	4.0%	422	4.2%
27571, Rolesville, Wake County	95	1.7%	143	1.4%
27587, Wake Forest, Wake County	1,021	18.7%	1,923	19.2%
27591, Wendell, Wake County	102	1.9%	248	2.5%
27596, Youngsville, Franklin County	374	6.9%	662	6.6%
27597, Zebulon, Wake County	153	2.8%	463	4.6%
27604, Raleigh, Wake County	138	2.5%	373	3.7%
27609, Raleigh, Wake County	138	2.5%	201	2.0%
27610, Raleigh, Wake County	120	2.2%	153	1.5%
27613, Raleigh, Wake County	163	3.0%	242	2.4%
27614, Raleigh, Wake County	435	8.0%	748	7.5%
27615, Raleigh, Wake County	355	6.5%	569	5.7%
27616, Raleigh, Wake County	486	8.9%	976	9.7%
27617, Raleigh, Wake County	104	1.9%	155	1.5%
27703, Durham, Durham County	198	3.6%	248	2.5%
Remainder of Wake County	304	5.6%	562	5.6%
Other NC and Out of State	677	12.4%	1,244	12.4%

<b>Total Patients</b>	<b>5,447</b>	<b>100.0%</b>	<b>10,033</b>	<b>100.0%</b>
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Source: Tables on pages 37 and 39 of the application.

In Section C, page 39, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because they are based on the historical [FFY 2023] patient origin for WakeMed North.

### **Analysis of Need**

In Section C, pages 41-61, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for acute care beds in Wake County as determined by the standard methodology in the 2024 SMFP, and the calculated deficit of beds in the WakeMed System. (See pages 42-43).
- Population growth and aging in WakeMed North's proposed catchment area. (See pages 52-56).
- Increased utilization of acute care beds, specialized care, and the emergency department at WakeMed North (See pages 44-52).
- Need for Observation Beds at WakeMed North. (See pages 57-58).
- Construction efficiency and site constraints of the WakeMed North campus. (See pages 58-59).
- Statutory limitations of capital expenditures for hospitals not on the "main campus" of a multi-campus hospital. (See pages 59-60).

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

- The 2024 SMFP contains a need determination for 70 acute care beds in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed North in Wake County.
- As discussed under the project utilization section below, WakeMed North's projected occupancy for each of the first three project years exceeds the target occupancy under the AC Bed Performance Rules if they were applied to WakeMed North as a standalone facility. [The project analyst notes that the cited AC bed performance rules do not apply to the WakeMed North facility as a stand-alone

facility, the AC bed performance rules apply to a hospital system. WakeMed North is part of the WakeMed hospital system and not a standalone facility.] The Project Analyst notes that projected utilization at WakeMed North was calculated by the applicant as including the 35 AC beds that WakeMed applied for in 2023 to develop 35 new AC beds at WakeMed North [Project ID# J-12419-23]. The Agency issues a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in litigation. Since the Agency decision awarding 35 AC beds to the WakeMed North facility is still under appeal those 35 AC beds are not classified as either existing, approved or proposed beds, therefore, under the AC bed performance Rules those 35 beds are not used in calculating projected occupancy.

*Projected Utilization*

In Section Q, Forms C.1a-C.1b, pages 138-139, the applicant provides projected utilization for acute care beds for WakeMed North specifically, as illustrated in the following tables.

**WakeMed North Acute Care Beds: First 3 Project Years- Projected**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	10/1/2028-9/30/2029	10/1/2029-9/30/2030	10/1/2030-9/30/2031
<b>ACUTE Care Beds</b>			
# of Beds*	131	131	131
# of Discharges	9,824	9,927	10,033
# of Patient Days	34,089	34,446	34,814
ALOS	3.47	3.47	3.47
Occupancy Rate	71.3%	72.0%	72.8%

Source: Form C.1b, page 139 of the application.

Might not foot due to rounding.

\*The number of AC beds is derived as follows: WakeMed North has 71 existing licensed AC Beds. WakeMed applied in 2023 to develop 35 new AC beds at WakeMed North [Project ID# J-12419-23]. The Agency issues a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in litigation. In this current application, WakeMed applied to develop an additional 25 AC beds pursuant to a need determination in the 2024 SMFP for 44 AC beds in Wake County. Therefore, the 131 AC beds projected at WakeMed North for the first three project years are calculated as follows: 71 (existing) + 35 from 2023 SMFP (decision under appeal) + 25 from the 2024 SMFP per this application = 131 AC beds.

In Section Q, Wake Med North Need and Utilization Methodology, pages 144-164, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*



- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital; and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2029, FY2030 and FY2031.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 144.)
- “PSA” stands for Proposed Service Area.

***Assumptions and Methodology:***

***Forecast Need and Acute Care Non-Neonatal Bed Utilization***

- Step 1. Define WakeMed North Acute Care Bed Service Area (See page 145).*
- Step 2. Determine Historical Discharges for WakeMed North from North PSA (See page 146).*
- Step 3. Determine WakeMed North’s Service Area Population by Age Group (See pages 147-148)*
- Step 4. Calculate WakeMed North’s Service Area Compound Annual Population Growth Rate by Age Group (See page 143).*
- Step 5. Determine the Historical Average Percent of Discharges from WakeMed North PSA by Age Group (See page 150).*
- Step 6. Calculate WakeMed North’s Service Area Weighted Population Growth (CAGR) (See pages 151-152).*
- Step 7. Calculate Projected Discharges from WakeMed North’s Service Area for WakeMed North and Raleigh Hospitals (See pages 153-154).*
- Step 8. Subtract WakeMed North Patient Shift from ZIP Code 27610 to WakeMed Garner per WakeMed Garner CON Application (See page 154).*
- Step 9. Project Discharge Shift to WakeMed North from WakeMed Raleigh (See pages 155-156).*
- Step 10. Sum WakeMed North Discharges After Shift from WakeMed Raleigh and Shift to WakeMed Garner (See page 157).*
- Step 11. Account for Other WakeMed North PSA Discharges Shifted to WakeMed Garner per WakeMed Garner CON Application (See page 158).*
- Step 12. Project In-Migration and Total Discharges for WakeMed North (See pages 159-160)*

- Step 13. Convert Projected North Discharges to Patient Days (See page 161).
- Step 14. Add Emergency Department “Boarding” Days to Forecast WakeMed North Total Patient Days (See pages 162-163).
- Step 15. Calculate Utilization and Percent Occupancy (See page 164).
- Step 16. Calculate WakeMed Systemwide Utilization (See page 164).

**WakeMed North Acute Care Beds: Historic and Interim**

	Historical	Interim	Interim
	10/1/2022-9/30/2023	10/1/2023-9/30/2024	10/1/2024-9/30/2025
<b>ACUTE Care Beds</b>			
# of Beds	71	71	71
# of Discharges	5,446	6,380	6,499
# of Patient Days	18,884	22,176	22,552
ALOS	3.47	3.48	3.47
Occupancy Rate	72.9%	85.6%	87.0%

Source: Form C.1a, page 138.  
 Might not foot due to rounding.  
 \*Annualized based on internal data through April.

**WakeMed North Acute Care Beds: Interim**

	Interim	Interim	Interim
	10/1/2025-9/30/2026	10/1/2026-9/30/2027	10/1/2027-9/30/2028
<b>ACUTE Care Beds</b>			
# of Beds	71	71	71
# of Discharges	6,572	6,646	6,699
# of Patient Days	22,805	23,062	23,246
ALOS	3.47	3.47	3.47
Occupancy Rate	88.0%	89.0%	89.7%

Source: Form C.1a, page 138 of the application.  
 Might not foot due to rounding.

**WakeMed North Acute Care Beds: First 3 Project Years- Projected**

	1 <sup>st</sup> PY	2 <sup>nd</sup> PY	3 <sup>rd</sup> FY
	FY29	FY30	FY31
<b>ACUTE Care Beds</b>			
# of Beds*	131	131	131
# of Discharges	9,824	9,927	10,033
# of Patient Days	34,089	34,446	34,814
ALOS	3.47	3.47	3.47
ADC (Patient Days/365)	93.39	94.37	95.38
Occupancy Rate	71.3%	72.0%	72.8%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	66.7%	66.7%	66.7%

Source: Form C.1b, page 139 of the application.

Might not foot due to rounding.

\*WakeMed North had 71 existing AC beds as of September 1, 2024, the date this review commenced. From the last Interim Year (FFY 2027) to the first Project Year the number of AC beds increased from 71 to 131 to include both the 35 new AC beds (Project ID# J-12419-23 which decision is under appeal), and the 25 new AC beds proposed in this project. [71 + 35 + 25 = 131 AC beds].

\*\*Occupancy Rate = ADC/# of Beds (Existing, Approved and Proposed)

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. WakeMed North is only a part of the WakeMed Hospital System. However, it does demonstrate that if WakeMed North was the only hospital in the hospital system its projected occupancy for each of the first three project years, including the 25 AC beds proposed in this application, would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the WakeMed North facility.

Furthermore, the Project Analyst notes that projected utilization at WakeMed North was calculated by the applicant as including the 35 AC beds that WakeMed applied for in 2023 to develop 35 new AC beds at WakeMed North [Project ID# J-12419-23]. The Agency issued a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in litigation. Since the Agency decision awarding 35 AC beds to the WakeMed North facility is still under appeal those 35 AC beds are not classified as either existing, approved or proposed beds, therefore, under the AC bed performance Rules those 35 beds are not used in calculating projected occupancy. Therefore, the correct number of AC beds to be used in calculating the projected occupancy rate at the WakeMed North facility is 96 [71 existing beds + 0 approved beds + 25 proposed beds = 96 beds]. In the table below, the project analyst calculated projected occupancy at the WakeMed North facility based on 96 AC beds.

**WakeMed North Acute Care Beds: First 3 Project Years- Projected**

	3rdFY
	FY31
<b>ACUTE Care Beds</b>	
# of Beds	96
# of Discharges	10,033
# of Patient Days	34,814
ALOS	3.47
ADC (Patient Days/365)	95.38
Occupancy Rate	99.35%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	66.7%

Source: Form C.1b, page 139 of the application.

Might not foot due to rounding.

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

- The applicant proposes to add 25 new AC beds at WakeMed North in Wake County and there is a need determination in the 2024 SMFP or 70 AC beds in the Wake County Acute Care Bed Service Area
- In the 2024 SMFP, Table 5A, page 43, the WakeMed Health System shows a projected acute care bed deficit of 59 acute care beds in 2026. The first project year for this proposed project is FY2029.
- The applicant projected acute care bed discharges and patient days based on 1) historical data increased by the service area population growth CAGR; 2) In-migration; 3) projected shifts of discharges from WakeMed Raleigh to WakeMed North; and 4) emergency department boarding days.
- Population growth and aging of the population in the WakeMed North proposed service area. The applicant calculated a weighted population growth for the primary service area.
- The applicant relied on data from Claritas to demonstrate the projected population growth and aging in the service area.
- The applicant accounted for the projected “shift” of patients to the approved WakeMed Garner hospital (Project ID# J-12264-22).
- WakeMed uses internal WakeMed sources for historical discharge data.
- Claritas is the source of ZIP Code population data. The applicant states “*Claritas is a national demographer.*” (See page 144).

**Access to Medically Underserved Groups**

In Section C.6, page 65, the applicant states,

*“WakeMed ensures access to health care services for all patients, regardless of income, payer status, gender, sexual orientation, race, ethnicity, or physical handicap.”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	16.5%
Racial and ethnic minorities	44.8%
Women	64.2%
Persons with Disabilities	9.5%
The elderly	22.5%
Medicare beneficiaries	40.2%

Medicaid recipients	11.9%
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Source: Table on page 67 of the application.

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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. WakeMed Cary hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for acute care bed services at WakeMed Cary Hospital.

**WakeMed Cary Hospital: Acute Care Beds**

County or other geographic area such as ZIP Code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2028 to 9/30/2029)	
	Patients	% of Total	Patients	% of Total
27330, Sanford, Lee County	185	1.4%	228	1.5%
27501, Angier, Harnett County	230	1.8%	242	1.6%
27502, Apex, Wake County	1,038	7.9%	1,217	8.0%
27511, Cary, Wake County	1,113	8.5%	1,333	8.7%
27513, Cary, Wake County	922	7.0%	1,117	7.3%
27518, Cary, Wake County	705	5.4%	816	5.3%
27519, Cary, Wake County	786	6.0%	1,043	6.8%
27520, Clayton, Johnston County	129	1.0%	83	0.5%
27523, Apex, Chatham County	428	3.3%	590	3.9%
27526, Fuquay-Varina, Harnett County	1,181	9.0%	1,370	9.0%
27529, Garner, Wake County	322	2.5%	237	1.6%
27539, Apex, Wake County	557	4.3%	637	4.2%
27540, Holly Springs, Wake County	521	4.0%	635	4.2%
27546, Lillington, Harnett County	113	0.9%	159	1.0%
27560, Morrisville, Wake County	496	3.8%	610	4.0%
27562, New Hill, Wake County	120	0.9%	159	1.0%
27592, Willow Spring, Wake County	200	1.5%	194	1.3%
27603, Raleigh, Wake County	545	4.2%	489	3.2%
27606, Raleigh, Wake County	521	4.0%	642	4.2%
27610, Raleigh, Wake County	213	1.6%	235	1.5%
Rest of Wake County	806	6.2%	947	6.2%
Other NC and Out of State	1,965	15.0%	2,291	15.0%
<b>Total</b>	<b>13,096</b>	<b>100.0%</b>	<b>15,274</b>	<b>100.0%</b>

Source: Tables on pages 35 and 38 of the application.

In Section C, page 37, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FFY 2023] patient origin for WakeMed Cary.

**Analysis of Need**

In Section C, pages 40-58, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for acute care beds in Wake County, demonstrated by the determination of need for 70 additional acute care beds in the 2024 SMFP, and the calculated deficit of beds in the WakeMed System (See pages 41-43).

- Increased utilization of acute care beds, observation beds, emergency department, trauma volumes, and med-surg beds at WakeMed Cary (See pages 43-53).
- Population growth and aging in WakeMed Cary's proposed service area (See pages 53-58).

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

- The 2024 SMFP contains a need determination for 70 acute care beds in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed Cary in Wake County.
- As discussed under the project utilization section below, WakeMed Cary's projected occupancy for each of the first three project years exceeds the target occupancy under the AC Bed Performance Rules. The Project Analyst notes that projected utilization at WakeMed Cary was calculated by the applicant as including the 9 AC beds that WakeMed applied for in 2023 to develop 9 new AC beds at WakeMed Cary [Project ID# J-12418-23]. The Agency issued a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate was issued. That appeal is still pending, and the matter is in litigation. Since the Agency decision awarding 9 AC beds to the WakeMed Cary facility is still under appeal, those 9 AC beds are not classified as either existing, approved or proposed beds, therefore, under the AC bed performance Rules, those 9 beds are not used in calculating projected occupancy.

### Projected Utilization

In Section Q, Forms C.1b, page 136, the applicant provides projected utilization for acute care beds for WakeMed Cary as illustrated in the following tables.

**WakeMed Cary Acute Care Beds: First 3 Project Years-Projected**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	10/1/2026-9/30/2027	10/1/2027-9/30/2028	10/1/2028-9/30/2029
<b>ACUTE Care Beds</b>			
# of Beds	233	233	233
# of Discharges	15,347	15,157	15,274
# of Patient Days	72,130	71,237	71,790
ALOS	4.70	4.70	4.70
Occupancy Rate	84.6%	83.8%	84.4%

Might not foot due to rounding.

Source: Form C.1b, page 136.

\*The number of AC beds is derived as follows: WakeMed Cary has 200 existing licensed AC Beds. In 2023, WakeMed applied to develop 9 new AC beds at WakeMed Cary [Project ID# J-12418-23]. The Agency issued a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in litigation. In this current application, WakeMed applied to develop an additional 24 AC beds pursuant to a need determination in the 2024 SMFP for 70 AC beds in Wake County. Therefore, the 233 AC beds projected at WakeMed Cary for the first three project years is calculated as follows: 200 (existing) + 9 from 2023 SMFP (decision under appeal) + 24 from the 2024 SMFP per this application = 233 AC beds.

In Section Q, WakeMed Cary Need and Utilization Methodology, pages 140-159, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital, and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.
- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2027, FY2028 and FY2029.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 140.)
- “PSA” stands for Proposed Service Area.

*Assumptions and Methodology:*



***Forecast Need and Acute Non-Neonatal Bed Utilization***

- Step 1. Define WakeMed Cary Acute Care Bed Service Area (See page 141).*
- Step 2. Determine Historical Discharges for WakeMed Cary Hospital from Proposed WakeMed Cary Service Area (See page 142).*
- Step 3. Determine WakeMed Cary's Service Area Population by Age Group (See pages 143-144).*
- Step 4. Calculate WakeMed Cary Proposed Service Area Population Growth Rate by Age Group (See page 145).*
- Step 5. Determine the Historical Average Percent of Discharges from WakeMed Cary's PSA by Age Group (See page 146).*
- Step 6. Calculate WakeMed Cary's Service Area Weighted Population Growth Rate (CAGR) (See pages 147-148).*
- Step 7. Calculate Projected WakeMed Cary Discharges from Proposed Service Area (See pages 149-150).*
- Step 8. Subtract WakeMed Cary Patient Shift to WakeMed Garner (See page 151).*
- Step 9. Project Discharges from Other Areas (In-migration) to WakeMed Cary (See page 152).*
- Step 10. Convert WakeMed Cary Projected Discharges to Patient Days (See page 153).*
- Step 11. Add Boarding Days to WakeMed Cary Total Patient Days (See pages 154-155).*
- Step 12. Calculate WakeMed Cary Utilization and Percent Occupancy (See page 156).*
- Step 13. Calculate WakeMed Systemwide Bed Utilization (See page 156).*

**Forecast WakeMed Cary Observation Beds**

- Step 14. Forecast Observation Days (See page 157).*
- Step 15. Forecast Observation Beds Needed (See pages 158-159).*

	Historical	Historical (Annualized)*	Interim	Interim
	10/1/2022-9/30/2023	10/1/2023-9/30/2024	10/1/2024-9/30/2025	10/1/2025-9/30/2026
<b>ACUTE Care Beds</b>				
# of Beds	200	200	200	200
# of Discharges	13,096	14,343	14,511	14,711
# of Patient Days	61,597	67,012	68,202	69,142
ALOS	4.70	4.67	4.70	4.70
Occupancy Rate	84.4%	91.8%	93.4%	94.7%

Might not foot due to rounding.

Source: Form C.1a, page 134

\*Annualized based on internal data through April.

**WakeMed Cary Acute Care Beds: First 3 Project Years-Projected**

	1 <sup>st</sup> PY	2 <sup>nd</sup> PY	3 <sup>rd</sup> PY
	FY27	FY28	FY29
<b>ACUTE Care Beds</b>			
# of Beds*	233	233	233
# of Discharges	15,347	15,157	15,274
# of Patient Days	72,130	71,237	71,790
ALOS	4.70	4.70	4.70
ADC (Patient Days/365)	197.61	195.17	196.68
Occupancy Rate**	84.6%	83.8%	84.4%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	75.2%	75.2%	75.2%

Might not foot due to rounding.

Source: Form C.1b, page 136.

\*The number of AC beds is derived as follows: WakeMed Cary has 200 existing licensed AC Beds. In 2023, WakeMed applied to develop 9 new AC beds at WakeMed Cary [Project ID# J-12418-23]. The Agency issued a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in litigation. In this current application, WakeMed applied to develop an additional 24 AC beds pursuant to a need determination in the 2024 SMFP for 70 AC beds in Wake County. Therefore, the 233 AC beds projected at WakeMed Cary for the first three project years is calculated as follows: 200 (existing) + 9 from 2023 SMFP (decision under appeal) + 24 from the 2024 SMFP per this application = 233 AC beds.

\*\*Occupancy Rate = ADC/# of Beds (Existing, Approved and Proposed)

Furthermore, the Project Analyst notes that projected utilization at WakeMed Cary was calculated by the applicant as including the 9 AC beds that the applicant applied for in 2023 to develop 9 new AC beds at WakeMed Cary [Project ID# J-12418-23]. The Agency issued a decision letter conditionally approving that project; however, the Agency decision was appealed so no Certificate has been issued. That appeal is still pending, and the matter is in

litigation. Since the Agency decision awarding 9 AC beds to the WakeMed Cary facility is still under appeal, those 9 AC beds are not classified as either existing, approved or proposed beds, therefore, under the AC bed performance Rules those 9 beds are not used in calculating projected occupancy. Therefore, the correct number of AC beds to be used in calculating the projected occupancy rate at the WakeMed Cary facility is 224 [200 existing beds + 0 approved beds + 24 proposed beds = 224 beds]. In the table below, the project analyst calculated projected occupancy at the WakeMed Cary facility based on 224 AC beds.

**WakeMed Cary Acute Care Beds: First 3 Project Years-Projected**

	3rdPY
	FY29
<b>ACUTE Care Beds</b>	
# of Beds	224
# of Discharges	15,274
# of Patient Days	71,790
ALOS	4.70
ADC (Patient Days/365)	196.68
Occupancy Rate*	87.80%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	75.2%

Might not foot due to rounding.

Source: Form C.1b, page 136.

\*Occupancy Rate = ADC/# of Beds (Existing, Approved and Proposed)

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

- The applicant proposes to add 24 new AC beds at WakeMed Cary in Wake County and there is a need determination in the 2024 SMFP for 70 AC beds in the Wake County Acute Care Bed Service Area.
- In the 2024 SMFP, Table 5A, page 43, the WakeMed Health System shows a projected acute care bed deficit of 59 acute care beds in 2026. The first project year for this proposed project is FY2027.
- The applicant reasonably relied on historical discharges from WakeMed Cary’s PSA and grew projected discharges utilizing weighted CAGR’s based on population age cohorts. In addition, the applicant reasonably added in-migration which was not included in WakeMed North’s PSA historical discharges and emergency department “boarding days” to projected utilization.
- Per the data provided by the applicant, the overall population and the 65+ age cohort in the WakeMed Cary PSA is projected to grow 2024 through 2029. The applicant

calculated a weighted population growth for the primary service area and then, to be conservative, used 50% of the weighted total CAGR to project discharges.

- The applicant relied on data from Claritas, a demographer, to demonstrate the projected population growth and aging in the service area.
- The applicant accounted for the projected “shift” of patients to the approved WakeMed Garner hospital (Project ID# J-12264-22) starting in FY2027.
- The applicant utilized an ALOS of 4.7, the ALOS from FY2023, and kept that constant through the project years. The applicant states that in 2019 WakeMed Cary became a State-designated Level III Trauma Center based on an increase in the complexity of its specialists.
- WakeMed uses internal WakeMed sources for historical discharge data.
- WakeMed states that its methodology includes the presumption that the 9 AC beds that were conditionally approved for WakeMed Cary (the Agency decision was challenged and is currently under appeal) pursuant to the 2023 SMFP AC bed need determination in Wake County will ultimately be awarded to WakeMed Cary.

**Access to Medically Underserved Groups**

In Section C.6, page 63, the applicant states,

*“WakeMed ensures access to health care services for all patients, regardless of income, payer status, gender, sexual orientation, race, ethnicity, or physical handicap.”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	10.6%
Racial and ethnic minorities	44.8%
Women	64.2%
Persons with Disabilities	9.5%
The elderly	22.5%
Medicare beneficiaries	45.2%
Medicaid recipients	6.9%

Source: Table on page 66 of the application.

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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

### **Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

#### **Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. WakeMed Raleigh hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for acute care bed services at WakeMed Raleigh Hospital.

**WakeMed Raleigh Hospital: Acute Care Beds**

County or other geographic area such as ZIP Code	Historical (10/1/2022 to 9/30/2023)		Third Full FY of Operation following Project Completion (10/1/2027 to 9/30/2028)	
	Patients	% of Total	Patients	% of Total
27501, Angier, Harnett County	275	1.0%	283	0.9%
27502, Apex, Wake County	235	0.8%	264	0.8%
27504, Benson, Johnston County	363	1.3%	348	1.1%
27508, Bunn, Franklin County	55	0.2%	96	0.3%
27511, Cary, Wake County	269	0.9%	323	1.0%
27513, Cary, Wake County	231	0.8%	223	0.7%
27518, Cary, Wake County	111	0.4%	152	0.5%
27519, Cary, Wake County	188	0.7%	212	0.7%
27520, Clayton, Johnston County	714	2.5%	651	2.0%
27524, Four Oaks, Johnston County	212	0.7%	177	0.6%
27525, Franklinton, Franklin County	348	1.2%	410	1.3%
27526, Fuquay Varina, Wake County	439	1.5%	499	1.6%
27527, Clayton, Johnston County	474	1.7%	593	1.9%
27529, Garner, Wake County	1,784	6.2%	1,595	5.0%
27539, Apex, Wake County	141	0.5%	170	0.5%
27540, Holly Springs, Wake County	202	0.7%	223	0.7%
27542, Kenly, Johnston County	107	0.4%	117	0.4%
27545, Knightdale, Wake County	999	3.5%	1,309	4.1%
27549, Louisburg, Franklin County	578	2.0%	726	2.3%
27557, Middlesex, Nash County	218	0.8%	300	0.9%
27560, Morrisville, Wake County	129	0.5%	119	0.4%
27571, Rolesville, Wake County	162	0.6%	179	0.6%
27576, Selma, Johnston County	215	0.8%	251	0.8%
27577, Smithfield, Johnston County	308	1.1%	352	1.1%
27587, Wake Forest, Wake County	1,342	4.7%	1,610	5.1%
27591, Wendell, Wake County	906	3.2%	1,081	3.4%
27592, Willow Spring, Wake County	305	1.1%	155	0.5%
27596, Youngsville, Franklin County	540	1.9%	631	2.0%
27597, Zebulon, Wake County	1,085	3.8%	1,259	4.0%
27601, Raleigh, Wake County	360	1.3%	368	1.2%

Source: Tables on pages 35 and 38 of the application.

Note: Table continued on next page.

**WakeMed Raleigh Hospital: Acute Care Beds (continued from table above)**

27603, Raleigh, Wake County	1,297	4.5%	1,362	4.3%
27604, Raleigh, Wake County	1,242	4.3%	1,497	4.7%
27605, Raleigh, Wake County	102	0.4%	103	0.3%
27606, Raleigh, Wake County	465	1.6%	369	1.2%
27607, Raleigh, Wake County	106	0.4%	154	0.5%
27608, Raleigh, Wake County	92	0.3%	83	0.3%
27609, Raleigh, Wake County	570	2.0%	606	1.9%
27610, Raleigh, Wake County	3,315	11.6%	3,844	12.1%
27612, Raleigh, Wake County	311	1.1%	370	1.2%
27613, Raleigh, Wake County	341	1.2%	400	1.3%
27614, Raleigh, Wake County	489	1.7%	580	1.8%
27615, Raleigh, Wake County	595	2.1%	664	2.1%
27616, Raleigh, Wake County	1,234	4.3%	1,469	4.6%
27617, Raleigh, Wake County	215	0.8%	243	0.8%
27703, Durham, Durham County	283	1.0%	291	0.9%
27807, Bailey, Nash County	116	0.4%	150	0.5%
27882, Spring Hope, Nash County	160	0.6%	150	0.5%
28334, Dunn, Harnett County	258	0.9%	268	0.8%
Remainder of Wake County	204	0.7%	223	0.7%
Other NC and Out of State	3,878	13.6%	4,329	13.6%
<b>Total Patients</b>	<b>28,568</b>	<b>100.0%</b>	<b>31,829</b>	<b>100.0%</b>

Source: Tables on pages 35 and 38 of the application.

In Section C, page 39, and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicants’ assumptions are reasonable and adequately supported because they are based on the historical [FFY 2023] patient origin for WakeMed Raleigh.

**Analysis of Need**

In Section C, pages 44-62, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Increased demand for acute care beds in Wake County, demonstrated by the determination of need for 70 additional acute care beds in the 2024 SMFP, and the calculated deficit of beds in the WakeMed System (See pages 44-46).
- Increased utilization of acute care beds, observation beds, emergency department, trauma volumes, and med-surg beds at WakeMed Cary (See pages 46-57).
- Population growth and aging in WakeMed Raleigh’s proposed service area (See pages 58-62).

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

- The 2024 SMFP contains a need determination for 70 acute care beds in Wake County.
- The applicant uses reliable data to demonstrate the projected population growth and aging in the service area.
- The applicant provides reasonable and adequately supported data to support the need for additional acute care beds at WakeMed Raleigh in Wake County.
- As discussed under the project utilization section below, WakeMed Raleigh’s projected occupancy for each of the first three project years, including the 21 AC beds proposed in this application, exceeds the target occupancy under the AC Bed Performance Rules if they were applied to WakeMed Raleigh as a standalone facility. [The project analyst notes that the cited performance rules apply to a hospital system. WakeMed Raleigh is part of the WakeMed hospital system and not a standalone facility.]

Projected Utilization

In Section Q, Forms C.1a-C.1b, pages 134-135, the applicant provides projected utilization for acute care beds for WakeMed Raleigh.

**WakeMed Raleigh Acute Care Beds: First 3 Project Years-Projected**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>10/1/2025-9/30/2026</b>	<b>10/1/2026-9/30/2027</b>	<b>10/1/2027-9/30/2028</b>
<b>ACUTE Care Beds</b>			
# of Beds*	560	560	538
# of Discharges	32,780	33,141	31,828
# of Patient Days	186,521	188,574	181,102
ALOS	5.69	5.69	5.69
Occupancy Rate	91.3%	92.3%	92.2%

Might not foot due to rounding.

Source: Form C.1b, page 135.

\*The number of AC beds decreases from 560 to 538 in FY2028 based on the approved WakeMed Garner [Project ID#J-12264-22] which included relocating 22 AC beds from WakeMed Raleigh to WakeMed Garner.

In Section Q, WakeMed Raleigh Need and Utilization Methodology, pages 139-165, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

*Background*

- The WakeMed health system has four acute care hospitals (three existing and one approved): WakeMed Raleigh Campus, WakeMed North Hospital, and WakeMed Cary Hospital are the three existing acute care hospitals and WakeMed Garner is the approved but not yet developed acute care hospital.



- The acute care hospitals in the WakeMed Health System operate under two separate hospital licenses. WakeMed Raleigh Campus, WakeMed North Hospital and WakeMed Garner operate under one license and WakeMed Cary Hospital operates under a separate license.
- All fiscal years run from October 1<sup>st</sup> through September 30<sup>th</sup>.
- The first three project years are FY2026, FY2027 and FY2028.
- The applicant uses the terms “patients” and “discharges” interchangeably (See page 140.)
- WakeMed uses internal WakeMed sources for historical discharge data.
- “PSA” stands for Proposed Service Area.

## **Assumptions and Methodology**

### **Forecast Need and Acute Non-Neonatal Bed Utilization**

- Step 1. Define WakeMed Raleigh Acute Care Bed Service Area (See pages 140- 141).*
- Step 2. Determine Historical Discharges for WakeMed Raleigh Hospital from Proposed WakeMed Raleigh PSA (See pages 142-143).*
- Step 3. Determine WakeMed Raleigh’s Service Area Population by Age Group (See pages 144-146).*
- Step 4. Calculate WakeMed Raleigh Proposed Service Area Population Growth Rate by Age Group (See pages 147-148).*
- Step 5. Determine the Historical Average Percent of Discharges from WakeMed Raleigh’s Service Area by Age Group for WakeMed Raleigh Hospital (See pages 149-150).*
- Step 6. Calculate WakeMed Raleigh’s Service Area Weighted Population Growth Rate (CAGR) (See pages 151-152).*
- Step 7. Calculate Projected WakeMed Raleigh Discharges from Proposed Service Area (See pages 153-154).*
- Step 8. Subtract WakeMed Raleigh Shifts to WakeMed Garner and to WakeMed North (See pages 155-156).*
- Step 9. Project Discharges from Other Areas (In-migration) to WakeMed Raleigh (See page 157).*
- Step 10. Convert WakeMed Raleigh Projected Discharges to Patient Days (See page 158).*
- Step 11. Add Emergency Boarding Days to WakeMed Raleigh Total Patient Days (See pages 159-161).*
- Step 12. Calculate WakeMed Raleigh Utilization and Percent Occupancy (See page 162).*
- Step 13. Calculate Observation Bed Occupancy (See pages 163-164).*
- Step 14. Calculate WakeMed System Bed Utilization (See page 165).*

### **WakeMed Raleigh Acute Care Beds: Historic and Interim**

	Historical	Interim (Annualized)*	Interim
	10/1/2022-9/30/2023	10/1/2023-9/30/2024	10/1/2024-9/30/2025
<b>ACUTE Care Beds</b>			
# of Beds	539	539	539
# of Discharges	28,568	30,346	31,222
# of Patient Days	162,498	175,107	177,653
ALOS	5.69	5.77	5.69
Occupancy Rate	82.6%	89.0%	90.3%

Might not foot due to rounding.  
 Source: Form C.1a, page 134.  
 \*Annualized based on internal data through April.

**WakeMed Raleigh Acute Care Beds: First 3 Project Years-Projected**

	1 <sup>st</sup> PY	2 <sup>nd</sup> PY	3 <sup>rd</sup> PY
	FY26	FY27	FY28
<b>ACUTE Care Beds</b>			
# of Beds*	560	560	538
# of Discharges	32,780	33,141	31,828
# of Patient Days	186,521	188,574	181,102
ALOS	5.69	5.69	5.69
ADC (Patient Days/365)	511.02	516.64	496.17
Occupancy Rate**	91.3%	92.3%	92.2%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	78.0%	78.0%	78.0%

Might not foot due to rounding.  
 Source: Form C.1b, page 135.  
 \*WakeMed Raleigh had 539 AC beds as of September 1, 2024, the date this review commenced. In the first project year the number of AC beds (560) came from the existing 539 plus the 21 new AC beds proposed in this application. [539 + 21 = 560]. The number of AC beds decreases from 560 to 538 in FY2028 based on the approved WakeMed Garner [Project ID#J-12264-22] which included relocating 22 AC beds from WakeMed Raleigh to WakeMed Garner.  
 \*\*Occupancy Rate = ADC/# of Beds (Existing, Approved and Proposed)

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. WakeMed Raleigh is only a part of the WakeMed Hospital System. However, it does demonstrate that if WakeMed Raleigh was the only hospital in the hospital system its projected occupancy for each of the first three project years, including the 21 AC beds proposed in this application, would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the WakeMed Cary facility.

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, remarks at the public hearing, written comments, responses to

comments, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant proposes to add 21 new AC beds at WakeMed Raleigh in Wake County and there is a need determination in the 2024 SMFP for 70 AC beds in the Wake County Acute Care Bed Service Area.
- In the 2024 SMFP, the WakeMed Health System shows a projected acute care bed deficit of 59 acute care beds in 2026. The first project year of this proposed project is FY2026.
- The applicant reasonably relied on historical discharges from WakeMed Raleigh's PSA and grew projected discharges utilizing weighted CAGR's based on population age cohorts. In addition, the applicant reasonably added in-migration which was not included in WakeMed Raleigh's PSA historical discharges and emergency department "boarding days" to projected utilization.
- Per the data provided by the applicant, the overall population and the 65+ age cohort in the WakeMed Raleigh PSA is projected to grow 2024 through 2029. More specifically, the 65+ age cohort is projected to grow by 22.6% during the same time period. The applicant calculated a weighted population growth for the primary service area and then, to be conservative, used 50% of the weighted total CAGR to project discharges.
- The applicant relied on data from Claritas, a demographer, to demonstrate the projected population growth and aging in the service area.
- The applicant accounted for the projected "shift" of patients to the approved WakeMed Garner hospital (Project ID# J-12264-22) and the projected "shift" of discharges in the WakeMed North as stated in the 2023 WakeMed North application (Project ID# J-12419-23).
- The applicant utilized an ALOS of 5.69, the ALOS from FY2023, and kept that constant through the project years. In comparison, the ALOS for FY2022 was 5.71 and the ALOS for the annualized FY2024 was 5.77. The applicant states that WakeMed Raleigh is a Level I Trauma Center.

### **Access to Medically Underserved Groups**

In Section C.6, page 67, the applicant states,

*"WakeMed ensures access to health care services, regardless of income, payer status, gender, sexual orientation, race, ethnicity, cultural or disability.*

...

*Across each of its facilities, WakeMed uses a consistent set of policies to ensure access regardless of ability to pay."*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	28.2%
Racial and ethnic minorities	45.6%
Women	62.8%
Persons with Disabilities*	9.5%
The elderly	13.3%
Medicare beneficiaries	39.6%
Medicaid recipients	22.0%

Source: Table on page 69 of the application.

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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determination in the 2024 SMFP.

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. UNC Rex Raleigh hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. UNC Rex Raleigh hospital is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed and operating room services at UNC Health REX Hospital.

**UNC Health Rex Hospital: Acute Care Beds**

County	Historical (7/1/2022 to 6/30/2023)		Third Full FY of Operation following Project Completion (7/1/2028 to 6/30/2029)	
	Patients	% of Total	Patients	% of Total
Wake	20,473	66.9%	23,369	66.9%
Johnston	1,959	6.4%	2,236	6.4%
Sampson	918	3.0%	1,048	3.0%
Franklin	857	2.8%	978	2.8%
Wayne	796	2.6%	908	2.6%
Harnett	765	2.5%	873	2.5%
Nash	581	1.9%	664	1.9%
Other*	4,254	13.9%	4,855	13.9%
<b>Total</b>	<b>30,603</b>	<b>100.0%</b>	<b>34,931</b>	<b>100.0%</b>

Source: Tables on pages 36 and 39 of the application.

\*Other- The applicant provides the NC counties that are represented in a footnote at the bottom of each table found on pages 36 and 39 of the application. Other also includes other states.

**UNC Health Rex Hospital: Operating Rooms**

County	Historical (7/1/2022 to 6/30/2023)		Third Full FY of Operation following Project Completion (7/1/2028 to 6/30/2029)	
	Patients	% of Total	Patients	% of Total
Wake	12,167	61.2%	12,828	61.2%
Johnston	1,690	8.5%	1,782	8.5%
Harnett	656	3.3%	692	3.3%
Franklin	636	3.2%	671	3.2%
Wayne	596	3.0%	629	3.0%
Sampson	517	2.6%	545	2.6%
Nash	497	2.5%	524	2.5%
Other*	3,121	15.7%	3,289	15.7%
<b>Total</b>	<b>19,881</b>	<b>100.0%</b>	<b>20,960</b>	<b>100.0%</b>

Source: Tables on pages 37 and 40 of the application.

\*Other- The applicant provides the NC counties that represented in a footnote at the bottom of each table found on pages 37 and 40 of the application. Other also includes other states.

In Section C, page 39, the applicant provides the assumptions and methodology used to project its patient origin. Regarding both the acute care beds and the ORs, the applicant states,

*“UNC Health Rex’s projected patient origin for its acute care beds and surgical services is based on its existing patient origin for the respective service. The proposed project will not impact patient origin for UNC Health Rex Hospital. .... One surgical services case is equivalent to one patient.*

...

*Projected patient origin for UNC Health Rex Hospital is based on the FY 2023 patient origin. The total number of patients in each project year is based on the number of patients in FY 2023, projected to grow 2.0 percent per year, conservatively based on the North Carolina Office of State Budget and Management (NC OSBM) Wake County projected population growth rate from 2024 to 2029.”*

The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FY 2023] patient origin for both the acute care bed and OR services at UNC REX Hospital and the proposed project is not expected to result in any change in patient origin.

**Analysis of Need**

In Section C, pages 42-64, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The SMFP need determinations for Wake County (pages 43-47).
- The population growth and aging of Wake County (pages 47-51).
- The need for additional acute care and surgical capacity in central Wake County (pages 52-53).
- The need for additional acute care and surgical capacity at UNC Health Rex Hospital (pages 54-64).

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

- There is a need determination for 70 acute care beds in the Wake County acute care service area in the 2024 SMFP. The applicant is applying to develop 20 acute care beds in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- There is a need determination for 4 ORs in Wake County in the 2024 SMFP. The applicant is applying to develop 2 ORs in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services and additional operating rooms.
- The applicant demonstrates the need for the proposed additional 20 AC beds and 2 ORs at the UNC Rex Raleigh facility.
- As discussed under the acute care bed utilization section below, UNC Rex Raleigh's projected occupancy for its acute care beds each of the first three project years, including the 20 AC beds proposed in this application, exceeds the target occupancy under the AC Bed Performance Rules if they were applied to UNC Rex Raleigh as a standalone facility. [The project analyst notes that the cited performance rules apply to a hospital system. UNC Rex Raleigh is part of the UNC hospital system and not a standard-alone facility.
- As shown in the discussion regarding projected operating room utilization below, the UNC Rex Raleigh facility has a projected deficit of 1.87 ORs (rounds up to 2.0), therefore, the UNC Rex Raleigh facility has a projected need for the 2 ORs applied for in this application.

Projected Utilization

In Section Q, Form C.1b, the applicant provides projected utilization for its acute care beds and in Section Q, Form C.3b the applicant provides projected utilization for its operating rooms, as illustrated in the following tables.

*Acute Care Beds*

**UNC Rex Raleigh: Projected Acute Care Bed Utilization**

	1 <sup>st</sup> FY2027	2 <sup>nd</sup> FY2028	3 <sup>rd</sup> FY2029
Total # of Beds*	500	500	500
# of Discharges	33,138	34,024	34,931
# of Patient Days	145,763	149,658	153,651
Average Length of Stay	4.4	4.4	4.4
Occupancy Rate	79.9%	82.0%	84.2%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

\* The 500 AC beds include the existing 418 non-NICU AC beds at UNC REX Hospital plus the approved 18 new AC beds (See Project ID#J-12258-22) plus the 44 AC beds proposed (Project ID #J-12417-23, plus the 20 proposed in this application. (418 + 18 + 44 + 20 = 480).

*Operating Rooms*

**UNC Rex Raleigh: Projected OR Cases**

Surgical Cases	1 <sup>st</sup> FY2027	2 <sup>nd</sup> FY2028	3 <sup>rd</sup> FY2029
# of ORs*	27	27	27
IP Cases	5,703	5,451	5,211
OP Cases	14,394	15,056	15,749
Total Surgical Cases	20,097	20,508	20,960

Source: Form C.3b.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

\*Adjusted Planning Inventory does not include Dedicated C-Section ORs.

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 1-24, the applicant provides the assumptions and methodology used to project utilization for both the proposed acute care beds and operating rooms, which is summarized below.

**Background**

- All fiscal years run from July 1st through June 30th.
- The first three fiscal years for this project are FY2027, FY2028 and FY2029.



- The applicant submitted a concurrent (complementary) application seeking to develop a new acute care hospital, UNC Health Rex Wake Forest Hospital (UNC Rex Wake Forest). The proposed UNC Rex Wake Forest would operate under the UNC Rex Raleigh license.
- UNC REX is currently licensed for 468 AC beds [418 at UNC Rex Raleigh and 50 at UNC HS]
- In addition, UNC Rex Raleigh was approved for 18 new AC beds [Project ID# J-12258-22]. A certificate of need was issued to UNC Rex Raleigh for these 18 AC beds on April 28, 2023. The 18 AC beds have not yet been developed.

Step #1: UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs: Historical Days of Care: The applicant provided the historical patient days of care for UNC Rex Raleigh Licensed Hospitals for FY2019 to FY2024. FY2024 is based on data for 10 months (July 2022 through April 2023). The CAGR for this period was 5.7%. (See Form C Utilization- Assumptions and Methodology, pages 1-2 and Table on page 2).

Step #2: Projected Days of Care for UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs). The applicant projected patient days of care for FY2024 through FY2029 (the 3<sup>rd</sup> Project Year) by growing historical patient days of care at 2.8% which is approximately half of the CAGR identified in Step #1. The applicant projects that patient days of care at UNC Rex Holly Springs will be “shifted” from UNC Rex Raleigh so projected days of care at UNC Rex Holly Springs are then subtracted from the overall projected days of care. See Form C Utilization- Assumptions and Methodology, pages 4-6, and Table on page 6).

Step #3: Projecting Discharges: The applicant projects discharged by dividing patient days by the ALOS. The applicant utilized an ALOS of 4.4. The ALOS equates to the ALOS at UNC Rex Raleigh for FY2024 and was kept constant through the project years. See Form C Utilization- Assumptions and Methodology, pages 4-6, and Table on page 8).

**UNC Rex Raleigh: Historical and Interim Acute Care Bed Utilization**

	Last Full FY FY2023	Interim FY2024	Interim FY2025	Interim FY2026
Total # of Beds*	418	418	418	418
# of Discharges	30,603	31,342	31,433	32,275
# of Patient Days	134,612	137,862	138,262	141,966
Average Length of Stay	4.4	4.4	4.4	4.4
Occupancy Rate	88.2%	90.4%	90.6%	93.0%

Might not foot due to rounding.  
 Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

**UNC Rex Raleigh: Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FY2027</b>	<b>2<sup>nd</sup> FY2028</b>	<b>3<sup>rd</sup> FY2029</b>
Total # of Beds*	500	500	500
# of Discharges	33,138	34,024	34,931
Average Length of Stay	4.4	4.4	4.4
# of Patient Days	145,763	149,658	153,651
ADC (Patient Days/365)	399.35	410.02	420.96
Occupancy Rate**	79.9%	82.0%	84.2%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	78.0%	78.0%	78.0%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

\* The 500 AC beds include the existing 418 AC beds at UNC REX Hospital plus the approved 18 new AC beds (See Project ID#J-12258-22) plus the 44 beds from the 2023 SMFP need determination (See Project ID# J-12417-23 decision currently under appeal) plus the 20 beds proposed for this project. (418 + 18 + 44 + 20 = 500).

\*\* Occupancy Rate = ADC/Beds (Existing, Approved and Proposed).

The project analyst notes that since the 44 AC beds from Project J-12417-23 are currently under appeal they are not included in the bed total when calculating occupancy rate. So, the correct AC bed total would be 456 [500 – 44 = 456]. The projected occupancy rate for the 3rd project year (FY2029) would there be 92.32% [420.96 ADC/ 456 Beds = 0.92315 or 92.32%].

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. UNC Rex Raleigh is only a part of the UNC Hospital System. However, it does demonstrate that if UNC Rex Raleigh was the only hospital in the hospital system its projected occupancy for each of the first three project years, including the 20 AC beds proposed in this application, would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the UNC Rex Raleigh facility.

Projected utilization of acute care beds is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2025 SMFP for 70 acute care beds in the Wake County acute care bed service area.
- The applicant relies on its historical utilization in projecting future utilization.

- The applicant projected patient days of care for the UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs) through the third project year by growing historical utilization at 2.8% which is approximately half of the historical (FY2019-FY2024) CAGR of 5.7%.
- The applicant projected patient discharges utilizing patient days and an ALOS of 4.4. The ALOS of 4.4 is based on the last historical year (FY2024) at UNC Rex Raleigh. The applicant held the ALOS of 4.4 constant through the third project year.

### **OPERATING ROOMS**

#### *UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs):*

Step #1) UNC Health System: The applicant identified the existing ORs in the UNC Health System and overall historical inpatient (IP) and outpatient (OP) surgical case utilization for FY2019 to FY2024. For the period of FY2019-FY2024 the IP CAGR was -4.4% (6,884 total cases) and the OP CAGR was 4.5% (26,937 total cases). The CAGR for overall surgical cases (IP + OP) was 2.2% for the same time. See Form C Utilization- Assumptions and Methodology, pages 2-4 and Table 1-3 on page 3).

Step #2) UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs): In addition, the applicant provided historical IP and OP surgical cases for UNC Rex Raleigh Licensed Hospital for FY2019-FY2024. [Note: FY2024 is annualized based on 10 months.] The IP CAGR was -4.4%, the OP CAGR was 4.6% and the overall CAGR was 2.4%. (See Form C Utilization- Assumptions and Methodology, pages 3-4 and Table 1-4 on page 4).

Step #3) UNC Rex Raleigh: The IP and OP surgical cases at UNC Rex Raleigh were calculated by projected the IP and OP surgical cases as UNC Rex Holly Springs (on the UNC Rex Raleigh license) and then subtracting the projected UNC Rex Holly Springs cases from the overall IP and OP cases projected for the UNC Raleigh Licensed Hospitals. (See Form C Utilization- Assumptions and Methodology, pages 9-12, and Table 3-4, page 12, set forth below.)

**Table 3-4: Projected Operating Room Utilization – UNC Rex Raleigh**

	<b>FY24*</b>	<b>FY25</b>	<b>FY26</b>	<b>PY1 FY27</b>	<b>PY2 FY28</b>	<b>PY3 FY29</b>
UNC Rex Raleigh Licensed Hospitals: Inpatient	6,884	6,581	6,291	6,013	5,748	5,495
Holly Springs Inpatient	277	342	326	310	297	284
<b>UNC Rex Raleigh Inpatient**</b>	<b>6,607</b>	<b>6,238</b>	<b>5,965</b>	<b>5,703</b>	<b>5,451</b>	<b>5,211</b>
UNC Rex Raleigh License Hospitals: Outpatient	14,658	15,332	16,038	16,776	17,548	18,355
Holly Springs Outpatient	2,081	2,177	2,277	2,382	2,492	2,606
<b>UNC Rex Raleigh Outpatient^</b>	<b>12,576</b>	<b>13,155</b>	<b>13,761</b>	<b>14,394</b>	<b>15,056</b>	<b>15,749</b>
<b>UNC Rex Raleigh Total</b>	<b>19,184</b>	<b>19,393</b>	<b>19,725</b>	<b>20,097</b>	<b>20,508</b>	<b>20,960</b>

Source: UNC Health Rex internal data.

\* FY 2024 data annualized based on ten months of historical data.

\*\* UNC Health Rex Hospital Inpatient = UNC Health Rex License Inpatient - Holly Springs Inpatient

^ UNC Health Rex Hospital Outpatient = UNC Health Rex License Outpatient - Holly Springs Outpatient

As shown in the table below in the third project year (FY2029) UNC Rex Raleigh has a OR deficit of 1.87 ORs which per the SMFP rounds up to a deficit of 2.0 ORs.

**UNC Rex Raleigh: Projected OR Utilization**

<b>Row</b>	<b>Operating Rooms</b>	<b>Year 1 FFY2027</b>	<b>Year 2 FFY2028</b>	<b>Year 3 FFY2029</b>
A	Inpatient Surgical Cases	5,703	5,451	5,211
B	Inpatient Surgical Case Times (minutes)	217.7	217.7	217.7
C	Inpatient Surgical Hours (Case time/60)	20,692	19,780	18,908
D	Outpatient Surgical Cases	14,394	15,056	15,749
E	Outpatient Surgical Case Times (minutes)	127.6	127.6	127.6
F	Outpatient Surgical Hours (Case time/60)	30,611	32,020	33,493
G	Total Surgical Cases (Row A + Row D)	20,097	20,507	20,960
H	Total Surgical Hours (Row C + Row F)	51,303	51,799	52,401
I	Group Assignment			
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	26.3	26.56	26.87
L	Existing and Approved ORs**	25	25	25
M	OR Surplus/ (Deficit)*	(1.3)	(1.56)	(1.87)
N	ORs Applied for in this Application	2	2	2

See Table 3-5 on page 12 of Form C Utilization- Assumptions and Methodology.

Source: UNC Health Rex internal data.

Note: Totals might not foot due to rounding.

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

\*\*Number of ORs UNC Rex Raleigh is currently approved for.

As shown in the table above, in the third project year the UNC Rex Raleigh facility has a projected deficit of 1.87 ORs which rounds up to 2.0 ORs [See Row M (Row K-Row L = Row M)], therefore, the UNC Rex Raleigh facility has a projected OR need for the 2 ORs applied for in this application.

Projected utilization of operating rooms is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant proposes adding 2 new ORs at UNC Rex Raleigh and there is a need determination in the 2024 SMFP for 4 ORs in Wake County.
- The applicant projected IP and OP surgical cases at UNC Rex Raleigh based on historical data increased by the historical CAGR for both IP (-4.4%) and OP (4.6%) surgical cases at UNC Rex Raleigh Licensed Hospitals. In projecting surgical cases for UNC Rex Raleigh, the applicant accounted for the IP and OP surgical cases at UNC Rex Holly Springs.
- The applicant demonstrated an OR deficit at the UNC Rex Raleigh facility in the FY2029 (3rd project year) of 1.87, which per the SMFP rounds up to a deficit of 2 ORs.
- The applicant documented projected Wake County population growth from the NCOSBM projecting that Wake County will grow by 125,304 people from 2024 to 2029, a CAGR of 2.0%.
- The applicant also provided data from the NCOSBM regarding the aging of the Wake County population. The applicant states that age is a key indicator “*as older residents utilize healthcare services more frequently than younger residents.*” The applicant cites the NCOSBM in stating that the age 65+ age cohort in Wake County is projected to increase at a CAGR of 4.9% from 2024-2029 which equates to 45,800 residents. (See Section C.4, pages 47-51 and the tables on page 49 and 51.

### **Access to Medically Underserved Groups**

In Section C.6, page 72, the applicant states,

*“UNC Health Rex prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC Health Rex’s Patient Rights and Responsibilities Policy, patients have the right to*

*receive 'care that is free of discrimination' and 'medically necessary treatment regardless of [their] ability to pay.'"*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	na
Racial and ethnic minorities	33.6%
Women	61.8%
Persons with Disabilities*	na
Persons 65 and older	34.6%
Medicare beneficiaries	55.8%
Medicaid recipients	6.5%

Source: Table on page 76 of the application.

\*UNC REX does not maintain data that includes the number of low income or disabled persons it serves.

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds and 2 ORs pursuant to the need determination in the 2024 SMFP.

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. UNC Rex Wake Forest hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On page 47, the 2024 SMFP defines the service area for OR as “single or multicounty grouping shown in Figure 6.1.” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. UNC Rex Wake Forest hospital is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin for UNC Health Rex Wake Forest Hospital.

Entire Facility	UNC Health Rex Wake Forest Hospital					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2030 to 06/30/2031		07/01/2031 to 06/30/2032		07/01/2032 to 06/30/2033	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake (Selected ZIP Codes) ^	20,033	69.9%	30,821	69.9%	42,150	69.9%
Franklin	4,327	15.1%	6,658	15.1%	9,105	15.1%
Wake (All Other ZIP Codes)	2,866	10.0%	4,409	10.0%	6,030	10.0%
Other^^	1,433	5.0%	2,205	5.0%	3,015	5.0%
<b>Total</b>	<b>28,659</b>	<b>100.0%</b>	<b>44,093</b>	<b>100.0%</b>	<b>60,300</b>	<b>100.0%</b>

Source: Table on page 43 of the application.  
 ^Selected ZIP Codes include ZIP Codes 27616, 27614, 27613, 27597, 27587, and 27571 in Wake County; and ZIP codes 27596, 27549, and 27525 in Franklin County.  
 ^^ Other Includes Durham, Granville, Nash, and other counties in NC as well as other states.

In Section C, pages 40-41, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states,

*“As detailed in Form C Assumptions and Methodology, the primary geographic area of service is comprised of selected ZIP codes in northern Wake County and southern Franklin County, whose residents are expected to comprise 85 percent of projected UNC Health Rex Wake Forest Hospital utilization. The remaining 15 percent of patients are assumed to originate from outside of this primary geographic area of service as immigration. The division of these select ZIP codes’ patient origin is based on acuity appropriate patients currently being treated at UNC Health Rex Hospital, as described in Form C Assumptions and Methodology. This list of ZIP codes is shown in Section C.4, below, as well as in Table 2-4 in Form C Assumptions and Methodology. Of note, and as stated in Section C.4, Form C Assumptions and Methodology, and as represented in the projected patient origin tables below, UNC Health Rex Wake Forest Hospital anticipates treating patients from all areas of Wake County.*

*For all other service components, UNC Health Rex assumes that the remaining 15 percent of patients are expected to primarily originate from the remainder of Wake County (i.e.: the Wake County ZIP codes not listed in Table 2-4 in Form C Assumptions and Methodology), as well as*

*Granville and Nash counties, proportionate to their respective populations. UNC Health Rex Wake Forest may reasonably serve a small number of patients from outside of these named counties, but UNC Health Rex believes that these additional patients represent a statistically insignificant number for reporting patient origin, and as such they are included in the “Other” category in the tables below.*

*For simplicity, projected patient origin for the entire UNC Health Rex Wake Forest Hospital facility is based on the sum of the projected number of patients by county of origin for each identified service component. UNC Health Rex recognizes that this sum includes some duplication of patients as a single patient may utilize any number of the services proposed. Regardless of any duplication, the calculation only reflects a percentage for patient origin, and this approach in no way affects projected volume or utilization.”*

The applicant’s assumptions are reasonable and adequately supported.

### **Analysis of Need**

In Section C, pages 44-78, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for a new hospital as demonstrated by the SMFP acute care bed need determination (pages 45-49).
- The need for a new hospital in northern Wake County (pages 49-68).



- The need for a new hospital, including operating rooms, for UNC Health Rex patients (pages 68-78).

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

- There is a need determination for 70 acute care beds in the Wake County acute care service area in the 2024 SMFP. The applicant is applying to develop 50 acute care beds in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- There is a need determination for 4 ORs in Wake County in the 2024 SMFP. The applicant is applying to develop 2 ORs in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions regarding identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care and operating room services.

Projected Utilization

In Section Q, Forms C.1b and C.3b the applicant provides projected utilization for its acute care beds and ORs, furthermore, in Section Q, Form C.2b *Projected Medical Equipment-UNC Health Rex Wake Forest Hospital*, Form C.3b *Projected OR Utilization -UNC Health Rex Wake Forest Hospital* and Form C.4b *UNC Health Rex Wake Forest Hospital*, the applicant provides UNC Rex Wake Forest’s projected utilization for its proposed procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services as illustrated in the following tables.

**UNC Rex Wake Forest: Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FFY FY2031</b>	<b>2<sup>nd</sup> FFY FY2032</b>	<b>3<sup>rd</sup> FFY FY2033</b>
Total # of Beds*	50	50	50
# of Discharges	1,466	2,256	3,085
# of Patient Days	6,192	9,527	13,029
Average Length of Stay	4.2	4.2	4.2
Occupancy Rate	33.9%	52.2%	71.4%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

**UNC Rex Wake Forest: Projected OR Cases**

<b>Surgical Cases</b>	<b>1<sup>st</sup> FFY FY2031</b>	<b>2<sup>nd</sup> FFY FY2032</b>	<b>3<sup>rd</sup> FFY FY2033</b>
# of ORs	2	2	2
IP Cases	310	476	651
OP Cases	551	848	1,160
<b>Total Surgical Cases</b>	<b>861</b>	<b>1,324</b>	<b>1,811</b>

Source: Form C.3b.  
 Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

**UNC Rex Wake Forest: Dedicated C-Section Operating Room Cases**

	<b>PY1 FY31</b>	<b>PY2 FY32</b>	<b>PY3 FY33</b>
Dedicated C-Section ORs	2	2	2
# of C-Sections Performed in Dedicated C-Section ORs	161	248	339

**UNC Rex Wake Forest: Level II Neonatal Days of Care**

	<b>PY1 FY31</b>	<b>PY2 FY32</b>	<b>PY3 FY33</b>
# of Level II Neonatal Beds	2	2	2
Acute Days of Care	6,192	9,527	13,029
Ratio of Neonatal Care Days to Acute Care Days	0.022	0.022	0.022
Neonatal Days of Care	139	214	293

**UNC Rex Wake Forest: ED, Observation Beds, Ancillary and Support Services**

	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
	<b>FY31</b>	<b>FY32</b>	<b>FY33</b>
<b>Emergency Department</b>			
# of Treatment Rooms	22	22	22
# of Visits	4,936	7,594	10,386
<b>Observation Beds (unlicensed)</b>			
# of Beds	12	12	12
Days of Care	1,763	2,712	3,709
<b>Laboratory</b>			
Tests	152,637	234,836	321,158
<b>Physical Therapy</b>			
Treatments	11,022	16,958	23,191
<b>Occupational Therapy</b>			
Treatments	5,821	8,955	12,247
<b>Respiratory Therapy</b>			
Treatments	25,388	39,060	53,418
<b>Procedure Rooms</b>			
Rooms	2	2	2
Procedures	439	675	924
<b>CT Scanner</b>			
# of Units	1	1	1
# of Scans	2,690	4,139	5,660
# of HECT Units	4,062	6,250	8,547
<b>Fixed X-Ray (including fluoro)</b>			
# of Units	3	3	3
# of Procedures	13,127	20,197	27,621
<b>Nuclear Medicine</b>			
# of Units	1	1	1
# of Procedures	186	286	391
<b>Ultrasound</b>			
# of Units	2	2	2
# of Procedures	1,920	2,953	4,039
<b>Interventional Radiology</b>			
# of Units	1	1	1
# of Procedures	3,344	5,144	7,036

Source: Section Q, Form C.2b and Form C.4b.  
 All Fiscal Years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 1-45, the applicant provides the assumptions and methodology used to project utilization for the acute care beds, operating rooms, procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services which is summarized below.

### *Acute Care Beds*

#### Background

- \*All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- \*The first three fiscal years for this project are FY2031, FY2032 and FY2033.
- \*The applicant submitted a concurrent (complementary) application seeking to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh.
- \*UNC is currently licensed for 468 AC beds [418 at UNC Rex Raleigh and 50 at UNC HS]
- \*In addition, UNC Rex Raleigh was approved for 18 new AC beds [Project ID# J-12258-22]. A certificate of need was issued to UNC Rex Raleigh for these 18 AC beds on April 28, 2023.

Step #1: UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs: Historical Days of Care: The applicant provided the historical patient days of care for UNC Rex Raleigh Licensed Hospitals for FY2019 to FY2024. FY2023 is based on annualized data. The CAGR for this period was 5.7%. (See Form C Utilization- Assumptions and Methodology, pages 1-2 and Table on page 2).

Step #2: Projected Days of Care for UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs). The applicant projected patient days of care for FY2024 through FY2032 (the 3<sup>rd</sup> Project Year) by growing historical patient days of care at 2.8% which is approximately half of the CAGR identified in Step #1. The applicant projects that patient days of care at UNC Rex Holly Springs will be “shifted” from UNC Rex Raleigh so projected days of care at UNC Rex Holly Springs are then subtracted from the overall projected days of care. See Form C Utilization- Assumptions and Methodology, pages 5-6, and Table on page 6).

Step #3) Projected Days of Care for the proposed UNC Rex Wake Forest: The applicant projects that most of the acute care days will come from being shifted from UNC Rex Raleigh Licensed Hospitals. The applicant projected a shift of 80% of the acuity-appropriate cases to UNC Rex Wake Forest. The applicant projects a ramp up of the cases shifting 50%, 75% and 100% over the first three project years respectively. In addition, 15% of total acute care days will come from in-migration from outside the identified service area. See Form C Utilization- Assumptions and Methodology, pages 6-12, and Tables on pages 11-12).

Step #4: Projecting Discharges at UNC Rex Wake Forest: The applicant projects discharges for the entire UNC Rex License by dividing patient days by the ALOS resulting in an ALOS of 4.3. To project discharges at UNC Rex Wake Forest only the applicant utilized the historic ALOS from the acuity-appropriate patients served by UNC Rex Raleigh from the identified service area ZIP codes from the most recent year with historic data, FY2024. The ALOS of 4.32 was held constant through the third project year (FY2032).

**UNC Rex Wake Forest: Projected Acute Care Bed Utilization**

	<b>1<sup>st</sup> FFY FY2031</b>	<b>2<sup>nd</sup> FFY FY2032</b>	<b>3<sup>rd</sup> FFY FY2033</b>
Total # of Beds	50	50	50
# of Discharges	1,466	2,256	3,085
Average Length of Stay	4.2	4.2	4.2
# of Patient Days	6,192	9,527	13,029
ADC (Patient Days/365)	16.96	26.10	35.7
Occupancy Rate*	33.9%	52.2%	71.4%
Target Occupancy Per Performance Standard 10A NCAC 14C .2014 (5)	66.7%	66.7%	66.7%

Might not foot due to rounding.

Note: FY is 7/1/\_\_\_ to 6/30/\_\_\_.

\*Occupancy Rate = ADC/Beds (Existing, Approved and Proposed).

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. UNC WF would be a part of the UNC Hospital System. However, it does demonstrate that if UNC Rex Wake Forest was the only hospital in the hospital system its projected occupancy for each of the third project year would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the proposed UNC Rex Wake Forest facility.

Projected utilization for the acute care beds is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County acute care bed service area and the applicant has applied to develop 50 new acute care beds at the proposed UNC Rex Wake Forest hospital.
- The applicant relies on its historical utilization in projecting future utilization.
- The applicant projected patient days of care for the UNC Rex Raleigh Licensed Hospitals (UNC Rex Raleigh and UNC Rex Holly Springs) through the third project year by growing historical utilization at 2.8% which is approximately half of the historical (FY2019-FY2024) CAGR of 5.7%.

- The applicant projected acute care days at UNC Rex Wake Forest, as discussed above, are reasonable and adequately supported. The applicant: 1) identified nine ZIP codes (6 in Wake County and 3 in Franklin County) from which it projected the majority of its projected acute care patients would originate; 2) identified lower acuity patients most likely to utilize the proposed UNC Rex Wake Forest hospital and grew those patients at a CAGR of 2.6% based on the historic CAGR for acute care days at all UNC facilities; 3) further identified the lower acuity patients only from the nine ZIP codes and then only projected 80% of those patients and acute care days for the UNC Rex Wake Forest hospital; 4) utilized a “ramp-up” to that 80% figure over the first three project years of 50%, 75% and 100% respectively; lastly, the applicant assumed an additional 15% acute care days from in-migration from areas outside the nine ZIP codes.
- The applicant projects that the majority of the acute care days at UNC Rex Wake Forest will come from being shifted from UNC Rex Raleigh Licensed Hospitals. The applicant projected a shift of 80% of the acuity-appropriate cases to UNC Rex Wake Forest. The applicant projects a ramp up of the cases shifting 50%, 75% and 100% over the first three project years respectively. In addition, 15% of total acute care days will come from in-migration from outside the identified service area.
- The applicant projected patient discharges for UNC Rex Wake Forest by utilizing projected patient days and an ALOS of 4.2 based on the historical ALOS of the patient days projected to shift to UNC Rex Wake Forest. The applicant held the ALOS of 4.2 constant through the third project year.
- The applicant, based on data from Esri, which, according to the applicant is a “*geographic information system and analytics platform*” (page 56) documented that from the nine ZIP codes where patients are primarily projected to originate, the population is expected to grow at a CAGR of 1.6% from 2024 to 2029. Four of the ZIP Codes are projected to grow at a CAGR of 2.2% for the same period of time which is an increase of 20,000 residents. (page 56-57)
- The applicant also provided data from the NCOSBM regarding the aging of the Wake County and Franklin County population. The applicant states that age is a key indicator “*as older residents utilize healthcare services more frequently than younger residents.*”
- The applicant cites data from the NCOSBM that the age 65+ cohort of Wake County (45,800 residents) is projected to grow from 2024 to 2029 at a CAGR of 4.9% and for the same period the 65+ age cohort in Franklin County is projected to grow at a CAGR of 5.0% (4,296 residents). [See Section C.4, pages 54-67].

### *OPERATING ROOMS*

Step #1) The applicant identified the existing ORs in the UNC Health System and overall historical inpatient (IP) and outpatient (OP) surgical case utilization for FY2019 to FY2024. For the period of FY2019-FY2024 the IP CAGR was -4.4% (6,884 total cases) and the OP

CAGR was 4.5% (26,937 total cases). The CAGR for overall surgical cases (IP + OP) was 2.2% for the same time. The CAGR for the IP and OP surgical cases from UNC Health Rex’s two hospital campus for the same time was -4.4% (IP) and 4.6% (OP) and 2.4% overall. See Form C Utilization- Assumptions and Methodology, pages 2-4, Table 1-3 and Table 1-4.).

Step #2: UNC Rex Wake Forest: Based on the same 9 ZIP Codes utilized in the projections for the proposed acute care beds the applicant analyzed the acuity-appropriate acute care days and the acuity-appropriate IP surgical cases from those same ZIP Codes to develop a ratio of acute care days at UNC Rex Raleigh to IP surgical cases. The historic IP ratio was 0.05. The same process, utilizing all facilities, was used to develop a ratio for OP surgical cases. The OP ratio was 1.78. Utilizing the IP and OP ratios and the projected acute care days for UNC Rex Wake Forest the applicant projected IP and OR surgical cases for UNC Rex Wake Forest for the first three project years as shown in the table below.

**Table 3-5: Projected Operating Room Utilization – UNC Rex Wake Forest Hospital**

	<i><b>FY31 (PY1)</b></i>	<i><b>FY32 (PY2)</b></i>	<i><b>FY33 (PY3)</b></i>
Acute Care Days	6,192	9,527	13,029
Inpatient OR Cases*	310	476	651
Outpatient OR Cases**	551	848	1,160
<b>Total OR Cases</b>	<b>861</b>	<b>1,324</b>	<b>1,811</b>

\* Inpatient OR Cases = Acute Care Days x 0.05

\*\* Outpatient OR Cases = Inpatient OR Cases x 1.78

As shown in the table below, in the third project year the UNC Rex Wake Forest facility has a projected deficit of 2.48 ORs, therefore, the UNC Rex Wake Forest facility has a projected need for the 2 ORs applied for in this application.

**UNC Rex Wake Forest: Projected OR Utilization**

Row	Operating Rooms	1 <sup>st</sup> FFY FY2031	2 <sup>nd</sup> FFY FY2032	3 <sup>rd</sup> FFY FY2033
A	Inpatient Surgical Cases	310	476	651
B	Inpatient Surgical Case Times (minutes)	217.7	217.7	217.7
C	Inpatient Surgical Hours (Case time/60)	1,123	1,728	2,364
D	Outpatient Surgical Cases	551	848	1,160
E	Outpatient Surgical Case Times (minutes)	127.6	127.6	127.6
F	Outpatient Surgical Hours (Case time/60)	1,172	1,803	2,466
G	Total Surgical Cases (Row A + Row D)	861	1,324	1,811
H	Total Surgical Hours (Row C + Row F)	2,295	3,532	4,830
I	Group Assignment	2	2	2
J	Standard Hours per OR per Year	1,950	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	1.18	1.81	2.48
L	Existing and Approved ORs**	0	0	0
M	OR Surplus/ (Deficit)* (Row K – Row L)	(1.18)	(1.81)	(2.48)
N	ORs Applied for in this Application	2	2	2

Source: Form C.3b, *UNC Health Rex Wake Forest Hospital*

Note: Totals might not foot due to rounding. All Fiscal Years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

\*\*Number of ORs UNC Rex Wake Forest is currently approved for.

Projected utilization of operating rooms is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant proposes adding 2 new ORs at UNC Rex Wake Forest and there is a need determination in the 2024 SMFP for 4 ORs in Wake County.
- The applicant projected acute care days at UNC Rex Wake Forest, as discussed above, are reasonable and adequately supported. The applicant: 1) identified nine ZIP codes (6 in Wake County and 3 in Franklin County) from which it projected the majority of its projected acute care patients would originate; 2) identified lower acuity patients most likely to utilize the proposed UNC Rex Wake Forest hospital and grew those patients at a CAGR of 2.6% based on the historic CAGR for acute care days at all UNC facilities; 3) further identified the lower acuity patients only from the nine ZIP codes and then projected 80% of those patients and acute care days for the UNC Rex Wake Forest hospital; 4) utilized a “ramp-up” to that 80% figure over the first three project years of 50%, 75% and 100% respectively; lastly, the applicant assumed an additional 15% acute care days from in-migration from areas outside the nine ZIP codes.



- The applicant then calculated both: 1) the ratio of IP surgical cases to Acute Care Days at UNC Health Rex Hospital, and 2) the historic ratio of OP surgical cases to IP surgical cases at all UNC facilities. Both the IP ratio and OP ratio utilized cases from the selected nine ZIP codes and “acuity-appropriate” cases to correspond with the services at the proposed UNC Rex Wake Forest hospital. The applicant then calculated projected IP and OP surgical cases for the first three project years at UNC Rex Wake Forest utilizing the projected acute care days at UNC Rex Wake Forest and applying the IP and OP surgical case ratios.
- The applicant documented projected population growth per the NCOSBM in the nine ZIP codes of 28,807 residents for the period of FY2024-FY2029 which is a CAGR of 1.6%. The NCOSBM also projects that Wake County will grow by 125,304 people from 2024 to 2029, a CAGR of 2.0%.
- The applicant, based on data from Esri, which, according to the applicant is a “*geographic information system and analytics platform*” (page 56) documented that from the nine ZIP codes where patients are primarily projected to originate, the population is expected to grow at a CAGR of 1.6% from 2024 to 2029. The applicant documented projected population growth per the NCOSBM in the nine ZIP codes of 28,807 residents for the period of FY2024-FY2029 which is a CAGR of 1.6%. Four of the ZIP Codes are projected to grow at a CAGR of 2.2% for the same period of time which is an increase of 20,000 residents. (page 56-57)
- The applicant also provided data from the NCOSBM regarding the aging of the Wake County and Franklin County population. The applicant states that age is a key indicator “*as older residents utilize healthcare services more frequently than younger residents.*”
- The applicant cites data from the NCOSBM that the age 65+ cohort of Wake County is projected to grow from 2024 to 2029 at a CAGR of 4.9% (45,800 residents) and for the same period of time the 65+ age cohort in Franklin County is projected to grow at a CAGR of 5.0% (4,296 residents). [See Section C.4, pages 54-67].

*Procedure Rooms, C-Section Rooms, Observation Beds, Neonatal Beds, Emergency Services, Imaging and Ancillary Services*

In Section Q, *Form C Utilization- Assumptions and Methodology*, pages 32-45, the applicant provides the methodology and assumptions for projecting utilization for the proposed procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services at UNC Rex Wake Forest, as summarized below.

- *Projected Utilization- Procedure and C-Section Rooms (pages 32-36)*
  - Procedure Rooms (pages 32-33)*
  - C-Section Rooms (pages 33-36)*
- *Projected Utilization- Observation and Neonatal Beds (pages 36-40)*

*Observation Beds (pages 36-38)*  
*Level II Neonatal Beds (pages 38-40)*

- *Projected Utilization- Emergency Services (pages 40-42)*
- *Projected Utilization- Imaging and Ancillary Services (pages 42-45)*  
*Imaging and Ancillary Services (pages 42-44)*  
*Interventional Radiology Services (pages 44-45)*

Projected utilization for the proposed procedure rooms, C-Section rooms, observation beds, neonatal beds, emergency services, imaging and ancillary services is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

**Access to Medically Underserved Groups**

In Section C.86, page, the applicant states,

*“UNC Health Rex prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability, or the patient’s ability to pay. ... As stated in UNC Health Rex’s Patient Rights and Responsibilities Policy, patients have the right to receive ‘care that is free of discrimination’ and ‘medically necessary treatment regardless of [their] ability to pay.’”*

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

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	na
Racial and ethnic minorities	43.4%
Women	61.7%
Persons with Disabilities*	na
Persons 65 and older	27.0%
Medicare beneficiaries	31.7%
Medicaid recipients	23.5%

Source: Table on page 90 of the application.

\*UNC REX does not maintain data that includes the number of low income or disabled persons it serves.

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

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

### **Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposed to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

#### **Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. WakeMed North hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for acute care bed services at Duke Raleigh.

**Duke Raleigh: Acute Care Beds**

County	Historical (7/1/2023 to 6/30/2024)		Third Full FY of Operation following Project Completion (7/1/2029 to 6/30/2030)	
	Patients	% of Total	Patients	% of Total
Wake	6,621	61.4%	7,601	51.0%
Franklin	472	4.4%	724	4.9%
Johnston	399	3.75	547	3.7%
Durham	222	2.1%	575	3.9%
Nash	200	1.9%	361	2.4%
Cumberland	193	1.8%	236	1.6%
Harnett	163	1.5%	256	1.7%
Vance	128	1.2%	206	1.4%
Wilson	124	1.2%	182	1.2%
Granville	111	1.0%	222	1.5%
Wayne	111	1.0%	154	1.0%
Lee	88	0.8%	187	1.3%
Pitt	84	0.8%	Na	Na
Craven	70	0.6%	Na	Na
Brunswick	67	0.6%	Na	Na
New Hanover	67	0.6%	Na	Na
Orange	Na	Na	198	1.3%
Alamance	Na	Na	142	1.0%
Chatham	Na	Na	2,656	17.8%
Halifax	Na	Na	322	2.2%
Other NC Counties	1,297	12.0%	127	0.9%
Virginia	160	1.5%	33	0.2%
Other States	130	1.2%	152	1.0%
South Carolina	71	0.7%	22	0.1%
Total	10,778	100.0%	14,902	100.0%

Source: Tables on pages 39 and 41 of the application.

In Section C, page 40, and in Section Q, pages 147-176, the applicant provides the assumptions and methodology used to project its patient origin. On page 150 the applicant projects discharges at Duke Raleigh Hospital from FY2024 to FY2032. The project notes that the applicant started with the last historical discharges of 10,778 from FY2024 as shown in the table above. The project analyst further notes that there appears to have been a transposing and/or administrative error in projecting patient origin forward by county on page 41 of the application. However, from the historical data and the methodology and assumptions in Section Q it is clear that the applicant was carrying historical discharges at Duke Raleigh Hospital forward by a CAGR of 2.9%. Furthermore, the project analyst notes that the actual projected discharges for Duke Raleigh for the first three project years [12,448, 12,811 and 13,186, respectively] before projected shifts are still less than the total projected

discharges for the first three project years found in the table on page 41 [15,477, 14,442 and 14,902 respectively].

### **Analysis of Need**

In Section C, pages 42-81, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for 70 additional acute care beds in Wake County identified in the 2024 SMFP (pages 43-45).
- Overall population growth in Wake County (pages 45-47).
- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 47-51).
- High and increasing utilization of DUHS services by Wake County residents (pages 51-52).
- High and increasing utilization of DRAH inpatient beds (pages 53-54).
- Increasing ED utilization of DRAH and increasing diversion periods (pages 54-55).
- The volume of transfer requests that DRAH is unable to accept (page 55).
- Growth in overall demand for DUHS services, including patients traveling to DUH and DRH (pages 55-56).
- Recent growth in DRAH medical staff and future plans for additional growth (pages 56-57).
- Increase in DUHS lives touched for Wake County residents (pages 57-58).
- Need for 41 Acute Care Beds at Duke Raleigh (pages 78-81).

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

- There is a need determination for 70 acute care beds in the Wake County acute care service area in the 2024 SMFP. The applicant is applying to develop 41 acute care beds in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.
- As discussed under the project utilization section below, Duke Raleigh's projected occupancy for the second and third three project years, including the 41 AC beds

proposed in this application, exceeds the target occupancy under the AC Bed Performance Rules if they were applied to Duke Raleigh as a standalone facility. [The project analyst notes that the cited performance rules apply to a hospital system. Starting in the second project year Duke Cary will be developed and operational so Duke Raleigh would be a part of the Duke hospital system and not a standalone facility.]

Projected Utilization

In Section Q, Form C.1a-C.1b, pages 141-142, the applicant provides Duke Raleigh’s projected utilization for its existing and proposed acute care beds as shown in the following table:

**Duke Raleigh- Projected Acute Care Bed Utilization**

	<b>Interim (Phase 1) FFY2026*</b>	<b>Interim (Phase 1) FFY2027</b>	<b>Interim (Phase 1) FFY2028</b>	<b>1<sup>st</sup> FFY 2029</b>	<b>2<sup>nd</sup> FFY 2030</b>	<b>3<sup>rd</sup> FFY 2031</b>
Total # of Beds	225	225	225	245	205**	205
# of Discharges	11,417	11,751	12,094	12,241	11,650	11,784
# of Patient Days	57,979	59,673	61,417	62,383	59,917	60,748

Source: Forms C.1b and C.1b, pages 141-142.

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

\*\*40 AC beds “shift” to Duke Cary per Project ID# J-12029-21.

In Section Q Forms C.1a and C.1b, and Introduction to Assumptions for Forms C and D and Acute Care Bed Utilization, pages 138-176, the applicant provides the methodology and assumptions for projecting utilization, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- The three project years are FFY2029, FFY2030 and FFY2031.
- As of the date this review commenced, September 1, 2024, Duke Raleigh had 204 existing and licensed AC beds.
- The applicant, DUHS, was approved to develop a separately licensed acute care hospital, Duke Green Level Hospital, by relocating 40 AC beds and 2 ORs from Duke Raleigh [See Project ID#J-12029-21]. However, Duke Green Level Hospital has been renamed Duke Cary Hospital and, when developed, Duke Cary Hospital (Duke Cary) will operate under the hospital license of Duke Raleigh. Those 40 AC beds are now projected to “shift” to Duke Cary on July1, 2029, the first day of FFY2030.
- Pursuant to the AC bed need determination in the 2023 SMFP for 44 AC beds in Wake County the applicant applied for 41 AC beds at Duke Raleigh [Project ID# J-12412-23]. The Agency issued a decision denying that proposed project. However,

the matter has not been finalized as the applicant appealed the Agency’s decision and that appeal is still pending.

- This proposed project currently under review, developing 41 new AC beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP for 70 AC beds, if approved, would be developed in two phases. In the first phase 21 of the 41 AC beds would be developed and licensed on July 1, 2026. Phase two would involve the remaining 20 AC beds being developed and licensed on July 1, 2028 (the first day of FFY 2029). Thus, the third project year after project completion would be FFY2031.
- The applicant started with the most recent year with historical data from FY2024 and then grew projected discharges at a growth rate of 2.9% based on the CAGR for discharges from FY2019-FY2024.
- The applicant accounted for projected shifts of discharges from Duke Raleigh to Duke Garner in FY2029, FY2030, FY2031 and FY2032.
- The applicant accounted for projected shifts of discharges from Duke Raleigh to Duke Cary in FY2030, FY2031 and FY2032.
- The applicant utilized an ALOS of 5.1 and held it constant thru the interim and project years.

**Duke Raleigh Historical, Interim and Projected Acute Care Bed Occupancy**

	Last Full FY2024	Interim FY2025	Interim (Phase 1) FFY2026*	Interim (Phase 1) FFY2027	Interim (Phase 1) FFY2028	PY1 FY2029	PY2 FY2030*	PY3 FY2031
Total # of Beds	204	204	225	225	225	245	205	205
# of Discharges**	10,778	11,093	11,417	11,751	12,094	12,241	11,650	11,784
Average Length of Stay	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
# of Patient Days	54,733	56,333	57,979	59,673	61,417	62,383	59,917	60,748
ADC (Patient Days/365)						170.9	164.2	166.4
Occupancy Rate						69.8%	80.1%	81.2%
Target Occupancy Rate per Performance Standard RULE						71.4%	71.4%	71.4%

Might not foot due to rounding.

\*Duke Raleigh had 204 existing AC beds as of September 1, 2024, the date this review commenced. The proposed project is to add 41 new AC beds to Duke Raleigh. The applicant proposes to develop the 41 AC beds in two phases: 21 beds starting FY2026 and developing the remaining 20 beds as of FY2029. The 245 beds in FY2029 are the 204 existing + the 41 proposed. In FY30 40 AC beds “shift” from Duke Raleigh to Duke Cary per Project ID# J-12029-21. [The project analyst notes that the 41 AC beds proposed for Duke Raleigh in Project ID# J-12412-23 are not included in the number of beds (the Agency issued a decision letter denying the proposed project. That decision is under appeal.)].

\*\*Discharges for FY2029 – FY2031 reflect projected “shifts” to Duke Garner and Duke Cary.

ADC= Patient Days/365

Occupancy Rate (Utilization) is ADC/# of Beds.

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. In the third project year, FY31, Duke Raleigh will only be a part of the Duke Hospital System. However, it does demonstrate that if Duke Raleigh was

the only hospital in the hospital system its projected occupancy in the second and third project year, including the 41 AC beds proposed in this application, would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the Duke Raleigh facility.

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

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County acute care bed service area.
- Lower ALOS and kept constant despite increasing complexity of what they do plus the fact that simple things (that were short ALOS) have gone over to outpatient
- The applicant started with the most recent year with historical data from FY2024 and then grew projected discharges at a growth rate of 2.9% based on the CAGR for discharges from FY2019-FY2024 which is reasonable, and conservative based on the historical analysis of days of care at DRAH for various periods of time both including and not including years impacted by the COVID-19 pandemic. The CAGR of 2.9% is the lowest CAGR for historical growth of discharges for the various time periods analyzed by the applicant as presented in full on page 149 of the application. The project analyst notes that the CAGR of discharges for the period of FY2019-FY2024 is listed in the table on page 149 of the application as 2.9% when it is fact 2.3%. However, the project analyst still finds the applicants use of a 2.9% CAGR to project discharges to be reasonable as the discharge CAGR for the period FY2021-FY2024 is 3.1%; the discharge CAGR for the period FY2022-FY2024 is 7.16%; and the discharge CAGR for the time period FY2023-FY2024 is 5.4%. [Using historical discharge data from Duke Raleigh Hospital, see table on page 146 of the application.]
- The applicant relies on its historical utilization in projecting future utilization.
- Inpatient (IP) days are based on the projected discharges and the ALOS which was held constant at 5.1. ALOS was the same as the last year with historical data, FFY2024.

### **Access to Medically Underserved Groups**

In Section C.6, page 86, the applicant states,

*“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to DRAH, as clinically appropriate. DUHS does not and will not discriminate based on race, ethnicity, age,*



*gender, or disability. Policies to provide access to services by low income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibits C.6 and L.4. Please see Section L for additional details regarding access to services for medically underserved groups.”*

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	
Racial and ethnic minorities	38.7%
Women	53.5%
Persons with Disabilities*	*
Persons 65 and older	58%
Medicare beneficiaries	58.6%
Medicaid recipients	9.2%

Source: Table on page 87 of the application.

\*DUHS does not maintain data regarding the number of disabled persons its serves.

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.

- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposed to develop 3 ORs at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

**Patient Origin**

On page 47, the 2024 SMFP defines the service area for OR as “single or multicounty grouping shown in Figure 6.1.” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. WakeMed Raleigh is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin for operating room services at Duke Raleigh.

**DRAH: Operating Rooms**

County	Historical (7/1/2023 to 6/30/2024) *		Third Full FY of Operation following Project Completion (7/1/2030 to 6/30/2032)	
	Patients	% of Total	Patients	% of Total
Wake	5,390	51.0%	7,601	51.0%
Durham	513	4.9%	724	4.9%
Franklin	408	3.9%	575	3.9%
Johnston	388	3.7%	547	3.7%
Cumberland	256	2.4%	361	2.4%
Nash	182	1.7%	256	1.7%
Pitt	167	1.6%	236	1.6%
Orange	157	1.5%	222	1.5%
Wayne	146	1.4%	206	1.4%
Harnett	140	1.3%	198	1.3%
Granville	132	1.3%	187	1.3%
Wilson	129	1.2%	182	1.2%
Moore	109	1.0%	154	1.0%
Vance	101	1.0%	142	1.0%
Other NC Counties	1,883	17.8%	2,656	17.8%
Virginia	228	2.2%	322	2.2%
South Carolina	90	0.9%	127	0.9%
Tennessee	23	0.2%	33	0.2%
Georgia	16	0.1%	22	0.1%
Other States	108	1.0%	152	1.0%
<b>Total</b>	<b>10,566</b>	<b>100.0%</b>	<b>14,902</b>	<b>100.0%</b>

Source: Tables on pages 38-39 and 40-41, of the application.

In Section C, page 40, the applicant provides the assumptions and methodology used to project its patient origin stating,

*“Patient origin by county for these services is not anticipated to change materially as a result of this project. FY 2024 percentages by county are applied to the projected operating room utilization for the first three project years. See Section Q for projected operating room volume. FY 2024 percentages by county for the facility as a whole are applied to facility volumes, which are projected to increase by 3% annually.”*

The applicant’s assumptions are reasonable and adequately supported because they are based on the historical [FY 2024] patient origin for operating room services at Duke Raleigh and the proposed project is not expected to result in any change in patient origin based on the proposed project.

### **Analysis of Need**

In Section C, pages 42-86, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for 4 additional ORs in Wake County identified in the 2024 SMFP (pages 45-46).
- Overall population growth in Wake County (pages 46-48).
- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 48-52).
- High and increasing utilization of DUHS services by Wake County residents (pages 52-54).
- High and increasing utilization of DRAH inpatient beds (pages 54-55).
- High and increasing utilization of DRAH operating rooms and procedure rooms (page 55)
- Increasing ED utilization of DRAH and increasing diversion periods (pages 56-57).
- The volume of transfer requests that DRAH is unable to accept (page 57).
- Growth in overall demand for DUHS services, including patients traveling to DUH and DRH (pages 57-58).
- Recent growth in DRAH medical staff and future plans for additional growth (page 58).
- Increase in DUHS lives touched for Wake County residents (pages 58-60).
- Need for 41 Acute Care Beds at Duke Raleigh (pages 83-86).

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

- There is a need determination for 4 ORs in Wake County in the 2024 SMFP. The applicant is applying to develop 3 ORs in Wake County in accordance with the OR need determination in the 2024 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographic data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed operating room services.
- As shown in the discussion regarding projected utilization below, in the third project year (FY32) Duke Raleigh has a projected deficit of 10 ORs, therefore, the Duke Raleigh facility has a projected need for the 3 ORs applied for in this application.

Projected Utilization

In Section Q, Form C.3b, page 149, the applicant provides Duke Raleigh’s projected utilization for its ORs. The following table summarizes the projected utilization.

**Duke Raleigh Hospital: Projected OR Cases**

Surgical Cases	PY1 FY2030*	PY2 FY2031	PY3 FY2032
# of ORs	16**	16	16
IP Cases	4,001	4,154	4,323
OP Cases	10,392	10,288	10,579
Total Surgical Cases	14,393	14,442	14,902

Source: Form C.3b, page 149.

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

\*\*Number of ORs Duke Raleigh is currently approved for. Duke Raleigh was licensed for 15 ORs as of September 1, 2024, the date this review commenced. The 15 ORs included 2 ORs approved to transfer to Duke Cary (approved but undeveloped) and 1 OR for Duke Health Raleigh ASC (approved but undeveloped). Duke Cary is now projected to open FY2030, which is the first project year of this proposed project. For FY2030 Duke Raleigh was at 13 ORs (15 ORs – 2 ORs = 13 ORs). Then, the number of ORs increases to 16 (13 ORs + 3 ORs proposed in this application = 16).

In Section Q Forms C.1a and C.1b, Form C.3b-*Assumptions and Methodology*, pages 141-160, the applicant provides the methodology and assumptions for projecting utilization, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- The three project years are FFY2030, FFY2031 and FFY2032.
- As of the date this review commenced, September 1, 2024, Duke Raleigh has 15 ORs. Three of those 15 ORs have been approved to be relocated from the Duke

Raleigh: 2 ORs to Duke Cary (an approved but undeveloped hospital campus that will operate under the Duke Raleigh license) and 1 OR to Duke Health Raleigh Ambulatory Surgical Center (ASC) (this OR will stay on the Duke Raleigh Campus but will be operated as if in a separate ASC).

- In addition, the applicant, DUHS, has been approved for two ASCs: a 1 OR ASC, known as Duke Green Level ASC and a 1 OR ASC known as Duke Garner ASC [Project ID#'s J-11966-20 and J-11967-20, respectively), which will receive “shifts” of OR cases from Duke Raleigh.
- Furthermore, in an application filed concurrently with this application, DUHS proposes to develop a new hospital campus, known as Duke Garner Hospital (Duke Garner), that will include one new OR from the 2024 SMFP need determination for 4 ORs in Wake. Duke Garner is also projected to receive shifts of appropriate OR cases from Duke Raleigh.
- The applicant first projected a baseline of surgical cases, both IP cases and OP cases, at Duke Raleigh through the third project year, FFY2032. The applicant started with the historical annualized data from FFY2024 and grew both by a CAGR of 5.0%. (which was lower than the CAGR than the 7.7% CAGR increase for both from FY2023 to FY2024.)
- The applicant then projected shift of OP cases to approved ASC’s. (See pages 157-158).
- The applicant then projected shift of surgical cases to Duke Cary and Duke Garner. (See pages 158-160).
- The applicant provided a summary table of the projected OP and IP cases at Duke Raleigh for years FY2025 to FY2032 after all of the projected shift of surgical cases out of Duke Raleigh. Note: when reading this table, the applicant included a line for both IP and OP procedure room cases. These cases were not included in the overall numbers of IP and OP surgical cases projected for Duke Raleigh. (See table on page 160).

**Duke Raleigh Hospital: Historical and Interim**

Surgical Cases	Last Full FY2024	Interim FY2025	Interim FY2026	Interim FY2027	Interim FY2028	Interim FY2029
# of ORs*	15	15	15	15	15	15
IP Cases	2,994	3,144	3,301	3,466	3,898	4,052
OP Cases	7,572	7,951	8,348	8,766	11,512	11,476
Total Surgical Cases	10,566	11,094	11,649	12,231	15,410	15,527

Source: Form C.3a, pages 145 and 149.

\*Adjusted Planning Inventory does not include Dedicated C-Section ORs.

Note: All fiscal years run from July 1st through June 30th.

**Duke Raleigh Hospital: Projected OR Cases**

Surgical Cases	PY1 FY2030*	PY2 FY2031	PY3 FY2032
# of ORs	16	16	16
IP Cases	4,001	4,154	4,323
OP Cases	10,392	10,288	10,579
Total Surgical Cases	14,393	14,442	14,902

Source: Form C.3b, page 149.

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

To demonstrate projected OR need at Duke Raleigh the applicant used incorrect case time in calculating both IP and OP surgical hours in both Forms C.3a and C.3b pages 145 and 149 respectively (See Rows B and E in the table below). In addition, the applicant did not use the correct Group Assignment (see Row I in the table below). Per the Criteria and Standards for Surgical Services and Operating Rooms (“The OR Rules”), the Operating Room Need Methodology in the 2024 SMFP and the CON Application Form the case time to be used to calculate IP surgical hours for IP surgical cases at Duke Raleigh is 214.6 minutes and the case time to be used to calculate OP surgical hours for OP surgical cases at Duke Raleigh is 138.2 minutes. The project analyst showed the projected OR Surplus/(Deficit) at Duke Raleigh using the IP and OP case times and Group Assignment used by the applicant (see column “1” in the table below) and the correct IP and OP case times and the correct Group Assignment (see column “2” in the table below. In both calculations the Duke Raleigh facility had a projected an OR deficit of at least 9 ORs (see Row M in the table below).

**Duke Raleigh: Projected OR Utilization**

Row	Operating Rooms	Duke	Project Analyst
		Year 3 (FFY2032)	Corrections Year 3 (FY2032)
		<b>1</b>	<b>2</b>
A	Inpatient Surgical Cases	4,323	4,323
B	Inpatient Surgical Case Times (in Minutes)	179	214.6
C	Inpatient Surgical Hours (Row B/60 Min)	12,393	15,462
D	Outpatient Surgical Cases	10,579	10,579
E	Outpatient Surgical Case Times (in Minutes)	113	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	19,376	24,367
G	Total Surgical Cases (Row A + Row D)	14,902	14,902
H	Total Surgical Hours (Row C + Row F)	32,822	39,829
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1500	1,755
K	Number of ORs Needed (Row H / Row J)	21.88	22.7
L	Existing and Approved ORs at Duke Raleigh*	13	13
M	Projected OR Surplus/ (Deficit)**	(8.88)	(9.7)

Source: Section Q, Form C.3b. page 149.

Note: Totals might not foot due to rounding.

All fiscal years run from July 1st through June 30th.

Note: Totals might not foot due to rounding.

\*Number of ORs Duke Raleigh is currently approved for. Duke Raleigh was licensed for 15 ORs as of September 1, 2024, the date this review commenced. The 15 ORs included 2 ORs approved to transfer to Duke Cary (approved but undeveloped) and 1 OR for Duke Health Raleigh ASC (approved but undeveloped). Duke Cary is now projected to open FY2030, which is the first project year of this proposed project. For FY2030 Duke Raleigh was at 13 ORs (15 ORs – 2 ORs = 13 ORs). Then, the number of ORs increases to 16 (13 ORs + 3 ORs proposed in this application = 16).

\*\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the table above, in the third project year Duke Raleigh has a projected deficit of 10 ORs [See Row M (Row K-Row L = Row M)], therefore, the Duke Raleigh facility has a projected need for the 3 ORs applied for in this application.

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

- There is a need determination in the 2024 SMFP for 4 operating rooms the Wake County acute care bed service area.
- The applicant projected IP and OP surgical case growth at Duke Raleigh based off historical IP and OP surgical cases projected forward through the third project year (FY2032) using a reasonable and adequately supported CAGR of 5.5%.
- The applicant subtracted out projected shifts from the previously approved, but undeveloped, projects (Duke Cary, Duke Green Level ASC and Duke Garner ASC) as well as the proposed project to develop a new hospital campus with 12 AC beds and 1 OR at Duke Garner.
- The applicant provided projected overall population growth as well projected population by age cohort for the proposed service area sourced from the North Carolina Office of State Budgett & Management (NCOSBM) demonstrating projected Wake County overall population growth by 2.0% thru the year 2029. In addition, from 2024-2029 for Wake County the 65+ age cohort is projected to increase by 4.9% and the 65+ age cohort will make up 16.1% of the Wake County population in 2029. (See Section C.4, pages 46-53 and Tables on page 47).
- In addition, the applicant identified the three main counties of residents who utilize Duke Raleigh services as Durham, Franklin and Johnston which the NCOSBM projects will grow from 2024 to 2029 at 1.2%, 3.1% and 2.5% respectively. Overall, the population of North Carolina is also projected to keep growing from 2024-2029 at a CAGR of 1.1%. (See Section C.4 and Table on page 48.)

### **Access to Medically Underserved Groups**

In Section C.6, page 91, the applicant states,

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

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



Medically Underserved Groups	Percentage of Total Patients
Low-income persons	
Racial and ethnic minorities	38.7%
Women	53.5%
Persons with Disabilities*	*
Persons 65 and older	50.0%
Medicare beneficiaries	50.5%
Medicaid recipients	5.5%

Source: Table on page 92 of the application.

\*DUHS does not maintain data regarding the number of disabled persons its serves.

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh)

**Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. Duke Cary hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate projected patient origin for acute care bed services at Duke Cary. Duke Cary is an approved but undeveloped hospital.

Acute Care Beds	Duke Cary Hospital *					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2029 to 06/30/2030		07/01/2030 to 06/30/2031		07/01/2031 to 06/30/2032	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake	1,922	80.7%	2,441	81.2%	2,989	81.8%
Durham	332	13.9%	403	13.4%	471	12.9%
Chatham	107	4.5%	134	4.5%	163	4.4%
Harnett	13	0.5%	16	0.5%	19	0.5%
Other^	8	0.4%	11	0.4%	14	0.4%
<b>Total</b>	<b>2,382</b>	<b>100.0%</b>	<b>3,005</b>	<b>100.0%</b>	<b>3,655</b>	<b>100.0%</b>

Source: Table on page 43 of the application.

^includes Orange, Lee and Johnston Counties

\*Note: DCH's patient origin changed slightly due to the reclassification of ZIP codes to Zone 3 that overlap the DGH service area

In Section Q, pages 184-197, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 45-89, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for 70 additional acute care beds in Wake County identified in the 2024 SMFP (pages 45-47).
- Overall population growth in Wake County (pages 50-51).
- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 52-55).
- High and increasing utilization of DUHS services by Wake County residents (pages 55-56).
- High and increasing utilization of DRAH inpatient beds (pages 57-58).
- Increasing ED utilization of DRAH and increasing diversion periods (page 59).
- The volume of transfer requests that DRAH is unable to accept (page 60).
- Growth in overall demand for DUHS services, including patients traveling to DUH and DRH (pages 60-61).
- Recent growth in DRAH medical staff and future plans for additional growth (pages 61-62).
- Increase in DUHS lives touched for Wake County residents (pages 62-63).
- Need for 17 Acute Care Beds at Duke Cary (pages 75-83).

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

- There is a need determination for 70 acute care beds in the Wake County acute care service area in the 2024 SMFP. The applicant is applying to develop 17 acute care beds in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- The applicant uses clearly cited, reasonable, and verifiable historical and demographic data to make the assumptions with regard to identifying the population to be served.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care services.
- As discussed under the project utilization section below, Duke Cary's projected occupancy for the third project year, including the 17 AC beds proposed in this application, exceeds the target occupancy under the AC Bed Performance Rules if they were applied to Duke Cary as a standalone facility. [The project analyst notes that the cited performance rules apply to a hospital system. Duke Cary would be a part of the Duke hospital system and not a standalone facility.]

### Projected Utilization

In Section Q, Form C.1b, page 158, the applicant provides Duke Cary Hospital's projected utilization for its acute care beds as shown in the following table:

**Duke Cary Projected Acute Care Bed Utilization**

	<b>PY1 FY2030</b>	<b>PY2 FY2031</b>	<b>PY3 FY2032</b>
Total # of Beds	57	57	57
# of Discharges	2,382	3,005	3,655
# of Patient Days	10,765	13,565	16,466

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

Source: Form C.1b, page 158.

In Section Q, Forms C.1a and C.1b, and Introduction to Utilization Assumptions, pages 153-220, the applicant provides the methodology and assumptions for projecting utilization, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- Duke Cary is an approved but undeveloped hospital. Duke Cary was originally approved as a separately licensed acute care hospital, known as Duke Green Level Hospital, by relocating 40 AC beds and 2 ORs from Duke Raleigh [See Project ID#J-12029-21]. Duke Green Level Hospital was subsequently renamed Duke Cary Hospital and, when developed, Duke Cary will operate under the hospital license of Duke Raleigh.
- Duke Cary’s first three project years were projected to be FFY2027, FFY2028 and FFY2029.
- Duke Cary’s first three project years are now FFY2030, FFY2031 and FFY2032.
- This project is a change of scope to add 17 acute care beds for a new total of 57 acute care beds.
- The applicant projects the first three full project years of the additional 17 AC beds to be FFY2030, FFY2031 and FFY2032, the same as the 40 AC beds.
- The applicant states on page 184 “*DUHS has used the same methodology to update the projected utilization of beds and other services as used in the original CON application approved in 2021. Data inputs have been updated for the passage of time. Any updated assumptions are noted in this document.*”
- Projected discharges come from three categories: #1) discharges based on shifts of DUHS discharges from other DUHS hospitals (Duke Raleigh, Duke University and Duke Regional); #2) Admits from the incremental Emergency Department (ED) Visits; and Obstetrics Discharges (OB discharges).
- The applicant identified the Duke Cary catchment area into three Zones (1,2,3) depending on drive time from Duke Cary. The applicant adjusted the ZIP codes for the proposed Duke Garner Hospital (a new hospital campus proposed in an application filed concurrently with this application).

- The applicant identified existing DUHS discharges from each of the three zones that would be appropriate to shift to Duke Cary for Duke Raleigh, Duke University Hospital and Duke Regional.
- The applicant then projected forward by Zone utilizing a CAGR based on population growth.
- The applicant then projected a percent of the appropriate discharges to shift with a ramp up over the first three project years. The percentages differ on which existing hospital the discharges are projected to shift from.
- The applicant provided an update on ICU projections. (See pages 192-193).
- The applicant provides the assumptions and methodology for discharges from ED visits, (See pages 190-192).
- ICU bed utilization: The original approval of 40 AC beds included 4 ICU beds. (See pages 192-193).
- The original application included plans to develop a freestanding birth center (FBC) on the Duke Cary campus. (See pages 193-196).
- The applicant provides a summary of projected discharges as shown on the following table:

Acute Care Discharges	PY1 FY2030	PY2 FY2031	PY3 FY2032
Discharges based on shifting	1,142	1,407	1,647
Discharges based Admits from incremental ED visits	1,221	1,567	1,958
Discharges from OB	19	30	51
<b>Total Discharges</b>	<b>2,382</b>	<b>3,005</b>	<b>3,655</b>

Source: Table on page 197 of the application.

The applicant projected days of care for non-OB discharges utilizing an ALOS of 4.5 and for OB discharges utilized an ALOS of 2.0 as shown in the following table:

<b>Duke Cary Hospital Days of Care</b>			
	PY1 FY2030	PY2 FY2031	PY3 FY2032
<b>Non-OB</b>			
Discharges	2,363	2,975	3,605
ALOS	4.5	4.5	4.5
Patient Days	10,726	13,504	16,365
<b>OB</b>			
Discharges	19	30	51
ALOS	2.0	2.0	2.0
Patient Days	39	60	101
<b>Total Patient Days</b>	<b>10,765</b>	<b>13,565</b>	<b>16,466</b>

**Duke Cary Projected Acute Care Bed Utilization**

	<b>PY1 FY2030</b>	<b>PY2 FY2031</b>	<b>PY3 FY2032</b>
Total # of Beds	57	57	57
# of Discharges	2,382	3,005	3,655
# of Patient Days	10,765	13,565	16,466

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

Source: Form C.1b, page 158.

**Duke Cary Projected Acute Care Bed Occupancy**

	<b>PY1 FY2030</b>	<b>PY2 FY2031</b>	<b>PY3 FY2032</b>
Total # of Beds*	57	57	57
# of Discharges	2,382	3,005	3,655
Average Length of Stay	4.5	4.5	4.5
# of Patient Days	10,765	13,565	16,466
ADC (Patient Days/365)	29.49	37.16	45.11
Occupancy Rate**	51.7%	65.2%	79.1%
Target Occupancy Rate per Performance Standard RULE	66.7%	66.7%	66.7%

Might not foot due to rounding.

\* Duke Cary is an approved, but undeveloped, new acute care hospital. In FY30 40 AC beds “shift” from Duke Raleigh to Duke Cary per Project ID# J-12029-21. Those 40 beds already approved to shift from Duke Raleigh plus the 17 new AC beds proposed in this application make up the 57 AC beds in each of the first three project years.

\*\*Occupancy Rate (Utilization) is ADC/# of Beds.

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. Duke Cary will only be a part of the Duke Raleigh Hospital System. However, it does demonstrate that if Duke Cary was the only hospital in the hospital system its projected occupancy in the third project year, including the 17 AC beds proposed in this application, would exceed the target occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the Duke Cary facility.

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

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County acute care bed service area.

- The applicants’ projections of discharges that will shift from existing DUHS hospitals are supported by the historical utilization of those facilities by patients from the proposed services (catchment) area of Duke Cary.
- The applicant projects shift of patients with both a “ramp up” and conservative shift percentages.
- The applicant used the same methodology from the original approval of Duke Cary to update projections for the new project years.
- The applicant utilizes conservative projections of the percent of visits to the Emergency Department that will result in an admission to Duke Cary in addition to using a ramp-up process from project year one to project year three.
- The applicant utilized an average length of stay of 4.5 which was the lowest over the last three historical years of the discharges projected to shift to Duke Cary.

**Access to Medically Underserved Groups**

In Section C.6, page 95, the applicant states,

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

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	10.4%
Racial and ethnic minorities	34.9%
Women	53.4%
Persons with Disabilities*	*
Persons 65 and older	53.3%
Medicare beneficiaries	46.3%
Medicaid recipients	6.8%

Source: Table on page 96 of the application.

\*DUHS does not maintain data regarding the number of disabled persons its serves.

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

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.

## **Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital with 12 AC beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

### **Patient Origin**

The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. Duke Garner hospital is in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. Duke Garner hospital is in Wake County. Thus, the service area for this facility consists of Wake County. Facilities may also serve residents of counties not included in their service area.



The following tables illustrate projected patient origin for acute care bed services at Duke Garner. Duke Garner is not an existing facility.

Acute Care Beds	Duke Garner					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2028 to 06/30/2029		07/01/2029 to 06/30/2030		07/01/2030 to 06/30/2031	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake	343	81.9%	478	82.1%	632	82.3%
Johnson	64	15.3%	88	15.1%	115	15.0%
Other^	12	2.9%	16	2.8%	21	2.8%
<b>Total</b>	<b>420</b>	<b>100.0%</b>	<b>582</b>	<b>100.0%</b>	<b>768</b>	<b>100.0%</b>

^includes Orange, Lee and Johnston Counties

Total Facility*	Duke Garner					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	07/01/2028 to 06/30/2029		07/01/2029 to 06/30/2030		07/01/2030 to 06/30/2031	
County or other geographic area such as ZIP code	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Wake	7,329	81.9%	9,908	82.1%	12,479	82.3%
Johnson	1,369	15.3%	1,821	15.1%	2,270	15.0%
Other^	256	2.9%	338	2.8%	418	2.8%
<b>Total</b>	<b>8,954</b>	<b>100.0%</b>	<b>12,067</b>	<b>100.0%</b>	<b>15,168</b>	<b>100.0%</b>

^includes Orange, Lee and Johnston Counties

Source: See table on page 42.

\*Total Facility includes discharges from acute care beds and outpatients ED visits, surgery, and imaging/ancillary services.

In Section C, page 41, that applicant states:

*“Note that DUHS assumes that the patient origin for all service components for the proposed DGH will be the same as the acute care bed component. Imaging and ancillary services will be heavily driven by inpatient utilization. Outpatient imaging and surgery at the hospital are also expected to heavily mirror the shift of existing DUHS system patients to the Garner campus like the acute care bed utilization. ED utilization is also expected to reflect DUHS utilization from the catchment area including incremental growth in ED utilization that will be reflective of the drive-time based catchment area defined below.*

*Please see Section Q for information on DGH’s projected patients by ZIP code for the proposed catchment area. Please also see Exhibit Q for the distribution of catchment area ZIP codes by county.”*

In Section C, page 41, Section Q, pages 172-179, and in Exhibit Q, the applicant provides the assumptions and methodology used to project its patient origin for the acute care beds, the operating room and all of the additional services to be provided by the proposed hospital. The applicant's assumptions are reasonable and adequately supported.

### **Analysis of Need**

In Section C, pages 43-87, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The need for 70 additional acute care beds in Wake County identified in the 2024 SMFP (pages 43-45).
- The need for 4 ORs in Wake County identified in the 2024 SMFP (pages 45-47).
- Overall population growth in Wake County (pages 48-50).
- High rates of population growth in areas of Wake County that need increased accessibility to care (pages 50-54).
- High and increasing utilization of DUHS services by Wake County residents (pages 54-55).
- High and increasing utilization of DRAH inpatient beds (pages 55-57).
- High and increasing utilization of DRAH operating rooms and procedure rooms. (page 57).
- Increasing ED utilization of DRAH and increasing diversion periods (pages 57-58).
- The volume of transfer requests that DRAH is unable to accept (pages 58-59).
- Growth in overall demand for DUHS services, including patients traveling to DUH and DRH (pages 59-60).
- Recent growth in DRAH medical staff and future plans for additional growth (pages 60-61).
- Increase in DUHS lives touched for Wake County residents (pages 60-61).
- Need for 12-Bed Hospital in Garner (pages 61-73).

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

- There is a need determination for 70 acute care beds in the Wake County acute care service area in the 2024 SMFP. The applicant is applying to develop 12 acute care beds in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.
- There is a need determination for 4 ORs in Wake County in the 2024 SMFP. The applicant is applying to develop 3 ORs in Wake County in accordance with the acute care bed need determination in the 2024 SMFP.

- The applicant uses clearly cited, reasonable, and verifiable historical and demographical data to make the assumptions with regard to identifying the population to be served.
- The applicant provides reasonable and adequately supported data as well as practical reasons to support its belief that there is a need for additional DUHSs hospital-based services in Wake County.
- The applicant uses a reasonable methodology and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed acute care and operating room services.
- The applicant provides reasonable and adequately supported data as well as practical reasons as to the need for other ancillary and support services to support the proposed acute care beds and ORs.
- As discussed under the acute care bed projected utilization section below, Duke Garner's projected occupancy for the third project year exceeds the target occupancy under the AC Bed Performance Rules if they were applied to Duke Garner as a standalone facility. [The project analyst notes that the cited performance rules apply to a hospital system. Duke Garner would be a part of the Duke Raleigh hospital system and not a standalone facility.]
- As shown in the discussion regarding projected utilization for the operating room below, in the third project year (FY31) Duke Garner has a projected deficit of 1.97 ORs, therefore, the Duke Garner facility has a projected need for the 1 OR applied for in this application.

### Projected Utilization

In Section Q, Form C.1b, pages 155 and 162, and Form C.2b and Form C.4b, pages 157 and 167 respectively, the applicant provides Duke Garner Hospital's projected utilization for its acute care beds, operating room, emergency department, imaging and other ancillary and support services, as summarized in the following tables.

*Acute Care Beds*

**Duke Garner Projected Acute Care Bed Utilization**

	<b>OY1 FY2029*</b>	<b>OY2 FY2030</b>	<b>OY3 FY2031</b>
Total # of Beds	12	12	12
# of Discharges	420	582	768
# of Patient Days	1,678	2,328	3,073
ALOS	4.0	4.0	4.0

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

Source: Form C.1b, page 155.

*Operating Room*

**Duke Garner Hospital: Operating Room Projected OR Cases**

<b>Surgical Cases</b>	<b>OY1 FY2029</b>	<b>OY2 FY2030</b>	<b>OY3 FY2031</b>
# of ORs*	1	1	1
IP Cases	54	72	94
OP Cases	504	1,027	1,354
Total Surgical Cases	558	1,099	1,448

Source: Form C.3b, pages 162.

\* All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.

*Emergency Department, Imaging and Other Ancillary and Support Services*

**Duke Garner: Emergency Department, Ancillary and Support Services**

	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
	FY29	FY30	FY31
<b>Emergency Department</b>			
# of Treatment Rooms	10	10	10
# of Visits	5,500	6,980	8,487
<b>Laboratory (IP and ED)</b>			
Tests	22,294	30,933	40,818
<b>Physical Therapy (IP)</b>			
Treatments	1,873	2,598	3,429
Speech Therapy (IP)			
Treatments	132	183	242
<b>Occupational Therapy (IP)</b>			
Treatments	557	912	1,204
CT Scanner			
# of Units	1	1	1
# of Scans	1,988	2,758	3,640
# of HECT Units	Na	Na	Na
X-Ray			
# of Units	3	3	3
# of Procedures	1,412	1,960	2,586
Mobile Fluoroscopy			
# of Units	1	1	1
# of Procedures	219	304	402
Ultrasound			
# of Units	1	1	1
# of Procedures	341	473	624

Source: Form C.2b, page 157, and Form C.4b, page 167.

*Acute Care Beds*

In Section Q, Forms C.1a and C.1b, and Introduction to Utilization Assumptions, pages 153-220, the applicant provides the methodology and assumptions for projecting utilization for the acute care beds, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- The first three project years are FFY2029, FFY2030 and FFY2031.
- The applicant projects discharges from two sources: #1) Shifts from three existing hospitals owned/operated by the applicant [Duke Raleigh Hospital (Duke Raleigh

or DRAH), Duke University Hospital (DUH) and Duke Regional Hospital (DRH); and #2) Discharges from Incremental (gain of market share) emergency department (ED) visits. (See table on page 179).

	FY2029	FY2030	FY2031
Beds	12	12	12
Discharges “shifted” from existing DUHS hospitals	242	305	371
Discharges from incremental ED visits	177	277	397
Total Discharges	419	583	768
ALOS	4.0	4.0	4.0
Days of Care	1,676	2,331	3,073
ADC	4.59	6.39	8.42
Occupancy	38.3%	53.2%	70.2%

- The applicant utilizes an average length of stay (ALOS) of 4.0 and the number of discharges to project patients’ days. Per the table on page 178 the ALOS of 4.0 is lower than the ALOS for the discharges projected to shift from the three existing DUHS hospitals for the years FY2022 (5.0); FY2023(5.1); and FY2024 annualized (4.5).
- The applicant identifies the catchment area for Duke Garner based on three Zones (1,2 and 3) depending on drive time proximity to Duke Garner. (see pages 172-173).
- The applicant projects shift of discharges to Duke Garner from Duke Raleigh, DUH and DRH. (See pages 173-177).
- The applicant projects discharges at Duke Garner based on incremental ED visits. The applicant bases this portion of the projected discharges on gaining new market share of ED visits from the catchment area and for the first three project years assuming that 8%, 9% and 10% respectively of the projected ED visits at Duke Garner will result in a discharge from Duke Garner. (See pages 177-178 and the table on page 178).

On page 177 the applicant states:

*“It is assumed that the projected shift of patient discharges from DUHS facilities implicitly includes patients whose hospitalization originated via existing DUHS EDs. However, the methodology to project DGH ED visits includes two cohorts of patients: 1) ED visits based on a shift of DRAH patient volume and 2) additional ED visits based on gain of incremental ED service area share within the DGH catchment area due to the presence of a new point of access for emergency services in a growing area. Thus, in addition to the projected inpatient discharges based on shifts from DUHS hospitals, DUHS projects DGH will*

*experience incremental discharges resulting from hospitalizations associated with incremental ED Service Area Share visits.*

*It is reasonable and appropriate for DUHS to project patient discharges based on patients admitted to DGH by way of its emergency department.”*

**Emergency Department Visits (Projected) at Duke Garner**

	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
ED visits based on incremental service area (gain of new market share)	2,244	3,045	3,857
% hospitalization from ED visits	8.0%	9.0%	10.0%
Discharges	177	277	397

Source: Table on page 178. (See pages 177-179).

- The applicant provides the Duke Garner Emergency Department Utilization methodology and assumptions. (See pages 207-211)
- The applicant projects ED visits at Duke Garner from two sources: #1) shift of existing ED volume from Duke Raleigh; and #2) New market share gain of ED visits at Duke Garner based on a new acute care hospital in southern Wake County.
- Shift of ED volume from Duke Raleigh (See pages 208-210).
- ED visits based on gain of market share (See pages 210-211).

**Duke Garner Projected Acute Care Bed Occupancy**

	<b>PY1 FY2029*</b>	<b>PY2 FY2030</b>	<b>PY3 FY2031</b>
Total # of Beds	12	12	12
# of Discharges	420	582	768
Average Length of Stay	4.0	4.0	4.0
# of Patient Days	1,678	2,328	3,073
ADC (Patient Days/365)	4.6	6.38	8.42
Occupancy Rate**	38.3%	53.2%	70.1%
Target Occupancy Rate per Performance Standard RULE	66.7%	66.7%	66.7%

Might not foot due to rounding.

Source: Form C.1b, page 155.

\* All fiscal years run from July 1st through June 30th.

\*\*Occupancy Rate (Utilization) is ADC/# of Beds.

The project analyst notes that the target occupancy cited in the last row of the table above is meant for a hospital system. Duke Garner will be a part of the Duke Raleigh Hospital System. However, it does demonstrate that if Duke Garner was the only hospital in the hospital system its projected occupancy in the third project year would exceed the target

occupancy under the AC Bed Performance Rules thus helping demonstrate the need for the proposed AC beds at the Duke Garner facility.

Projected utilization for the proposed acute care beds is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County acute care bed service area.
- The applicant projects the first group of discharges from shifts of existing DUHS patients from three existing hospitals owned/operated by the applicant [Duke Raleigh Hospital (Duke Raleigh or DRAH), Duke University Hospital (DUH) and Duke Regional Hospital (DRH)].
- The applicant projects the second group discharges from Incremental (gain of market share) ED visits. Overall, on page 211, the applicant projects a 5.0% gain of new ED visit market share (Zone 1: 3.0%; Zone 2: 1.25% and Zone 3: 0.75%) with a new acute care hospital.
- The applicant projects a conservative number of discharges originating from incremental ED visits of the first three project years [8%, 9% and 10% discharges from total ED visits respectively].
- The applicant utilizes an average length of stay (ALOS) of 4.0 and the number of discharges to project patients' days. Per the table on page 178 the ALOS of 4.0 is lower than the ALOS for the discharges projected to shift from the three existing DUHS hospitals for the years FY2022 (5.0); FY2023(5.1); and FY2024 annualized (4.5).
- The applicant provided projected overall population growth as well projected population by age cohort for the proposed service area sourced from the North Carolina Office of State Budgett & Management (NCOSBM) demonstrating projected Wake County overall population growth by 2.0% thru the year 2029. In addition, from 2024-2029 for Wake County the 65+ age cohort is projected to increase by 4.9% and the 65+ age cohort will make up 16.1% of the Wake County population in 2029. (See Section C.4, pages 48-54 and Tables on page 49).
- In addition, the applicant identified the three main counties of residents who utilize Duke Raleigh services as Durham, Franklin and Johnston, which the NCOSBM projects will grow from 2024 to 2029 at 1.2%, 3.1% and 2.5% respectively. Overall, the population of North Carolina is also projected to keep growing from 2024-2029 at a CAGR of 1.1%. (See Section C.4 and Table on page 50.)

#### *OPERATING ROOMS*



In Section Q, Form C.3b, and Introduction to Utilization Assumptions, pages 162-211 generally and specifically pages, 199-202, the applicant provides the methodology and assumptions for projecting utilization for the operating room, as summarized below.

- All fiscal years run from July 1<sup>st</sup> through June 30<sup>th</sup>.
- The first three project years are FFY2029, FFY2030 and FFY2031.
- The applicant projects IP surgical cases from two sources: #1) IP surgery from shifted discharges from three existing hospitals owned/operated by the applicant Duke Raleigh, DUH and DRH; and #2) IP surgery from incremental (gain of market share) ED visits. (See table on page 201).
- The applicant projects OP surgical cases from one source: OP cases shifted from Duke Raleigh after OP cases have been shifted from Duke Raleigh to the two approved ASC's (Duke Green Level and Duke Garner).
- Projected IP Surgical Cases at Duke Garner (see pages 199-201).
- Projected OP Surgical Cases at Duke Garner (see pages 201-202).

	FY2029	FY2030	FY2031
<b>IP Surgical Cases</b>			
IP Surgery from Discharges Shifted to Duke Garner	48	61	74
IP Surgery from Incremental ED Visits	5	11	20
Total IP Surgical Cases	53	72	94
<b>OP Surgical Cases</b>			
OP Surgical Cases shifted from Duke Raleigh	504	1,027	1,354
Total Surgical Cases	557	1,099	1,448

To demonstrate projected OR need at Duke Garner the applicant used incorrect case time in calculating both IP and OP surgical hours in both Form C.3b page 162 (See Rows B and E in the table below). In addition, the applicant did not use the correct Group Assignment (see Row I in the table below). Per the Criteria and Standards for Surgical Services and Operating Rooms (“The OR Rules”), the Operating Room Need Methodology in the 2024 SMFP and the CON Application Form the case time to be used to calculate IP surgical hours for IP surgical cases at Duke Garner is 214.6 minutes and the case time to be used to calculate OP surgical hours for OP surgical cases at Duke Garner is 138.2 minutes. The project analyst showed the projected OR Surplus/(Deficit) at Duke Garner using the IP and OP case times and Group Assignment used by the applicant (see column “1” in the table below) and the correct IP and OP case times and the correct Group Assignment (see column “2” in the table below). In both calculations the Duke Garner facility had a projected an OR deficit of at least 1 OR (see Row M in the table below).

**Duke Garner: Projected OR Utilization -3<sup>rd</sup> Project Year (2032)**

Row	Operating Rooms	Duke Year 3 (FFY2032)	Project Analyst Corrections Year 3 (FY2032)
		1	2
A	Inpatient Surgical Cases	94	94
B	Inpatient Surgical Case Times (in Minutes)	106.9	214.6
C	Inpatient Surgical Hours (Row B/60 min)	168	336
D	Outpatient Surgical Cases	1,354	1,354
E	Outpatient Surgical Case Times (in Minutes)	71.1	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	1,605	3,119
G	Total Surgical Cases (Row A + Row D)	1,448	1,448
H	Total Surgical Hours (Row C + Row F)	1,773	3,455
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1,500	1,755
K	Number of ORs Needed* (Row H / Row J)	1.18	1.97
L	Existing and Approved ORs at Duke Garner	0	0
M	Projected OR Surplus/ (Deficit)	(1.18)	(1.97)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

As shown in the table above, in the third project year the proposed Duke Garner facility has a projected deficit of 1.97 ORs [See column “2” Row M (Row K-Row L = Row M)], or, said differently, the proposed Duke Garner facility has a projected need for the 1 OR applied for in this application.

Projected utilization for the proposed operating room is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- There is a need determination in the 2024 SMFP for 4 ORs in the Wake County acute care bed service area.
- The applicant projects most IP surgical cases from shifted discharges from three existing hospitals owned/operated by the applicant and applied a 20.0% ratio of surgery to discharges compared to a ratio of 38.0% of inpatient surgeries to inpatient discharges based on historical data at Duke Raleigh.
- The applicant projects additional IP surgical cases from incremental (gain of market share) ED visits at a lower percent than the percent receiving surgery at Duke Raleigh.

- The applicant projects OP surgical cases shifted from Duke Raleigh after OP cases have been shifted from Duke Raleigh to the two approved ASC's (Duke Green Level and Duke Garner).
- The applicant provided projected overall population growth as well projected population by age cohort for the proposed service area sourced from the North Carolina Office of State Budgett & Management (NCOSBM) demonstrating projected Wake County overall population growth by 2.0% thru the year 2029. In addition, from 2024-2029 for Wake County the 65+ age cohort is projected to increase by 4.9% and the 65+ age cohort will make up 16.1% of the Wake County population in 2029. (See Section C.4, pages 48-54 and Tables on page 49).
- In addition, the applicant identified the three main counties of residents who utilize Duke Raleigh services as Durham, Franklin and Johnston which the NCOSBM projects will grow from 2024 to 2029 at 1.2%, 3.1% and 2.5% respectively. Overall, the population of North Carolina is also projected to keep growing from 2024-2029 at a CAGR of 1.1%. (See Section C.4 and Table on page 50.)

#### *Emergency Department, Imaging and Other Ancillary and Support Services*

In Section Q, *Form C.1b, C.2b, C.3b and C.4b Utilization- Assumptions and Methodology*, pages 207-213, the applicant provides the methodology and assumptions for projecting utilization for the emergency department, imaging and other ancillary and support services, as summarized below.

Step #1) Emergency Department: Project emergency department visits based on 1) a shift of ED patient volume from Duke Raleigh; and 2) market share gain of incremental emergency department cases from the catchment area. (See pages 207-211).

Step #2) Imaging and Ancillary Services: The applicant states that a *“hospital is required to have imaging and other ancillary services to support its projected inpatients, emergency patients and outpatients utilizing the facility”*. The applicant identified the ratios of services to IP discharges at Duke Raleigh for the last full fiscal year (FY2023) and the outpatient imaging and ancillary services at Duke Raleigh, also for FY2023, then applied those ratio's utilizing the projected discharges for Duke Garner. (See pages 211-213).

Projected utilization for the proposed emergency department, imaging and other ancillary and support services is reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

#### **Access to Medically Underserved Groups**

In Section C.6, page 93, the applicant states,

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

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

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	9.1%
Racial and ethnic minorities	34.9%
Women	53.4%
Persons with Disabilities*	*
Persons 65 and older	53.3%
Medicare beneficiaries	45.1%
Medicaid recipients	5.8%

Source: Table on page 94 of the application.

\*DUHS does not maintain data regarding the number of disabled persons its serves.

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

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 adequately identifies the population to be served.

- The applicant adequately explains why the population to be served needs the services proposed in this application.
  - Projected utilization is reasonable and adequately supported.
  - The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services and adequately supports its assumptions.
- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

**NA**  
**All Applications**

None of the applications 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**  
**The Rest of the Applications**

**NC**  
**Novant Knightdale**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 80-83, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Add surgical ORs at another existing or approved WakeMed System location
- Propose a different number of ORs
- Develop a new hospital

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need, as summarized, for the following reasons:

- Maintaining the status quo is not the most effective alternative as it would not help address capacity constraints for ORs at WakeMed North.
- Add surgical ORs at another existing or approved WakeMed System location-the applicant determined that while there was capacity at WakeMed Raleigh for all 4 ORs in the need determination the other locations in the WakeMed system with exiting or approved ORs did not need additional OR capacity at this time. Due to OR needs at both WakeMed North and WakeMed Raleigh the applicant filed a concurrent application for 2 new ORs at WakeMed Raleigh.
- Develop a different number of ORs – the applicant determined that developing a different number of ORs at WakeMed North was not the least costly or most effective alternative as the configuration of existing space can be upfitted in a cost-effective and efficient manner to accommodate to ORs with no new construction and take advantage of existing infrastructure and support. In addition, this works with the concurrent application for two ORs at WakeMed Raleigh.
- Locate new ORs in a new hospital-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that there are a couple of approved, but not yet developed, new hospitals in Wake County, the applicant determined that this alternative was neither the least costly nor the most effective alternative.
- The proposed project is the most cost effective and least costly in that it meets the needs of the projected patients at WakeMed North while effectively utilizing existing space and support infrastructure.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital in Knightdale with 36 new AC beds and 1 new OR pursuant to the need determination in the 2024 SMFP.

In Section E.2, page 89, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Do not apply
- Develop the proposed hospital in another geographic location
- Develop the proposed hospital with a different number of AC beds or ORs

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on project need and projected utilization not being reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.
- The applicant does not provide credible information to explain why it believes the proposed project is the most effective alternative.
- The application is not conforming to all statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 not conforming to this criterion for the reasons stated above.

### **Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 86-90, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Locate ORs at another WakeMed System campus
- Build a new surgical center on the Raleigh campus
- Develop more surgical capacity at the Raleigh campus
- Develop a new hospital

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need, as summarized, for the following reasons:

- Maintaining the status quo is not the most effective alternative as it would not help address capacity constraints for ORs at WakeMed Raleigh.
- Add surgical ORs at another existing or approved WakeMed System location-the applicant determined that while there was capacity at WakeMed Raleigh for all 4 ORs in the need determination the other locations in the WakeMed system with exiting or approved ORs did not need additional OR capacity at this time. Due to OR needs at both WakeMed North and WakeMed Raleigh the applicant filed a concurrent application for 2 new ORs at WakeMed Raleigh.
- Build a new surgical center on the Raleigh campus-the applicant determined that this was not the least costly alternative as construction of a new surgical center would require extensive capital investment in comparison to the proposed plan of renovating existing space to accommodate additional surgical capacity.
- Develop more surgical capacity on the existing surgical suite at the Raleigh campus-the applicant determined that this was not the most effective alternative as the existing space available to be renovated can only accommodate two additional ORs.
- Locate new ORs in a new hospital-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that there are a couple of approved, but not yet developed, new hospitals in Wake County the applicant determined that this alternative was neither the least costly nor the most effective alternative.



- The proposed project is the most cost effective and least costly in that it meets the needs of the projected patients at WakeMed Raleigh while effectively utilizing existing space and support infrastructure.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section E.2, pages 78-87, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Delay proposed project until another SMFP Need allocation
- Propose a different number of AC beds
- Add Acute Care Beds at another existing or approved WakeMed System location
- Temporary licensure of AC beds
- Locate AC beds in a new hospital

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

- Maintaining the status quo or delaying applying until another AC bed need allocation in a future SMFP is not the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed North.

- Adding a different number of AC beds was determined not to be cost-effective.
- Add AC Beds at different WakeMed System locations is a less effective alternative as the applicant has filed two concurrent applications to add AC beds at WakeMed Raleigh (21 AC Beds) and WakeMed Cary (24 AC beds). The applicant determined that from both a capital cost and length of time to have the proposed AC beds developed and providing relief to the AC bed shortage in Wake County adding a different number of AC beds at WakeMed North would be both a more costly and less effective alternative.
- Temporary licensure of AC beds was determined not to be an effective long-term solution due to existing space constraints and the temporary nature of this solution.
- Locate AC beds in a new hospital-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that a couple of approved new hospitals in Wake County the applicant determined that this alternative was neither the least costly nor the most effective alternative.
- The proposed project is the most cost effective and least costly in that it meets the needs of the projected patients at WakeMed North while effectively utilizing existing space and support infrastructure.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section E.2, pages 78-84, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Build new space at WakeMed Cary for AC beds
- Propose a different number of AC beds
- Request 70 AC beds for WakeMed Cary
- Locate AC beds in a new hospital

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need as summarized in the following reasons:

- Maintaining the status quo is not the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed Cary.
- Build new space at WakeMed Cary for AC beds was determined by the applicant to be the most cost-effective alternative as the current proposed project would use existing space and involve a shorter timeline for project development.
- Adding a different number of AC beds was determined by the applicant to not be the most effective alternative as the AC beds are needed at WakeMed Cary however, AC beds are also needed at the other hospitals in the WakeMed system as exemplified by the fact that the applicant filed two concurrent applications for AC beds at both WakeMed North and WakeMed Raleigh.
- Request 70 AC beds for WakeMed Cary was determined by the applicant to be neither the least costly nor most effective alternative as adding 70 AC beds would require expensive new construction and lengthen the time for the AC beds to be available for patients. In addition, the 2024 SMFP, in Table 5A, shows a projected AC bed deficit for WakeMed Cary in 2026 of 28 AC beds.
- Locate AC beds in a new hospital-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that a couple of approved new hospitals in Wake County the applicant determined that this alternative was neither the least costly nor the most effective alternative.
- The proposed project is the most cost effective and least costly in that it meets the needs of the projected patients at WakeMed Cary, proposes less AC beds than the projected AC bed deficit in 2026 per the 2024 SMFP, while effectively utilizing existing space and support infrastructure.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 79-85, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Temporary licensure of AC beds
- Build new space at WakeMed Raleigh for AC beds
- Request 70 AC beds for WakeMed Cary
- Locate AC beds in a new hospital

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

- Maintaining the status quo was determined by the applicant to not be the most effective alternative as it would not help address capacity constraints for acute care service at WakeMed Raleigh.
- Temporary licensure of AC beds was determined not to be an effective long-term solution due as the shortage of AC beds at WakeMed Raleigh is not a temporary issue, its administratively costly to address the problem in this manner and negatively impacts the ability to recruit and retain staff.
- Build new space at WakeMed Raleigh for AC beds was determined by the applicant to be neither the least cost-effective alternative nor the most effective alternative as the current proposed project would use existing space and involve a shorter timeline for project development.

- Request 70 AC beds for WakeMed Raleigh was determined by the applicant to neither the least costly nor most effective alternative as adding 70 AC beds would require expensive new construction and lengthen the time for the AC beds to be available for patients. In addition, the 2024 SMFP, in Table 5A, shows a projected AC bed deficit for WakeMed (which includes both WakeMed Raleigh and WakeMed North) in 2026 of 62 AC beds. The applicant has filed two concurrent applications to add AC beds at WakeMed North (25 AC Beds) and WakeMed Cary (24 AC beds). The applicant determined that it was more cost-effective to address AC need throughout the WakeMed system.
- Locate AC beds in a new hospital-The applicant states that due to the significant capital costs, physician recruitment, labor and administrative attention, the specific need for more AC beds to support specialty services and trauma, the limited number of new AC beds available in the SMFP and the need for any new hospital to offer a full complement of support departments, the well-distributed hospital locations in Wake County and the fact that a couple of approved new hospitals in Wake County the applicant determined that this alternative was neither the least costly nor the most effective alternative.
- The proposed project is the most cost effective and least costly in that it meets the needs of the projected patients at WakeMed Raleigh while effectively utilizing existing space and support infrastructure.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 90-91, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Develop all 70 AC beds and 4 ORs at either UNC Rex Raleigh or the proposed UNC Rex Wake Forest
- Develop all or some of the AC beds and ORs at UNC Health REX Holly Springs Hospital
- Develop an Ambulatory Surgical Facility (ASF).

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

- Develop all 70 AC beds and 4 ORs at either UNC Rex Raleigh or the proposed UNC Rex Wake Forest Hospital- the applicant determined that it would be more cost effective to develop the AC beds and ORs as proposed at both UNC Rex Raleigh (20 AC beds and 2 ORs) and at the proposed UNC Rex Wake Forest Hospital as the proposed project at UNC Rex Raleigh will utilize existing space requiring only minor renovations utilizing existing support services. In addition, the proposed project will help relieve existing capacity constraints at UNC Rex Raleigh based on historical utilization.
- Develop all or some of the AC beds and ORs at UNC Health Rex Holly Springs Hospital- the applicant determined that this was a less effective alternative based on historical and projected utilization at UNC Rex Holly Springs and thus it is more effective to develop the AC beds and ORs as proposed at both UNC Rex Raleigh and UNC Rex Wake Forest.
- Develop one of the ORs in an ASF- the applicant determined that this would be less effective and more costly. High utilization of surgical services at UNC Rex Raleigh indicates the need for additional ORs at UNC Rex Raleigh, including that UNC Rex Raleigh treats high acuity patients which cannot be treated at an ASF. Furthermore, beginning in November 2025 ASF's with ORs will not require a CON in Wake County, thus, the most effective alternative for the proposed ORs is a hospital setting.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital in Wake Forest with 50 new acute care beds and 2 ORs pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 104-105, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Develop all 70 AC beds and 4 ORs at either UNC Rex Raleigh or the proposed UNC Rex Wake Forest
- Develop all or some of the AC beds and ORs at UNC Health Rex Holly Springs Hospital
- Develop an Ambulatory Surgical Facility (ASF).

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

- Develop all 70 AC beds and 4 ORs at either UNC Rex Raleigh or the proposed UNC Rex Wake Forest- the applicant determined that it would be more effective to develop a new acute care hospital, as proposed, in Wake Forest based on population growth in northern Wake and Franklin counties; the fact that UNC Health Rex Hospital currently treats a significant number of patients from those areas currently and the need to increase access to both AC bed services and OR services in that area.
- Develop all or some of the AC beds and ORs at UNC Health Rex Holly Springs Hospital- the applicant determined that this was a less effective alternative that developing the proposed UNC Rex Wake Forest hospital based on providing greater geographic accessibility to AC bed services and OR services to the patients of Wake County by developing the AC beds and ORs in Wake Forest as opposed to Holly Springs.
- Develop one of the ORs in an ASF- the applicant determined that this would be less effective and more costly. High utilization of surgical services at UNC Rex Raleigh indicates the need for additional ORs at UNC Rex Raleigh, including that UNC Rex Raleigh treats high acuity patients which cannot be treated at an ASF. Furthermore, beginning in November 2025 ASF's with ORs will not require a CON in Wake

County, thus, the most effective alternative for the proposed ORs is a hospital setting.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposes to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 97-98, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different complement of AC beds

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

- Maintaining the status quo is a less effective alternative as it does not address growing patient need for acute care bed capacity at Duke Raleigh.
- Developing a different number of acute care beds at Duke Raleigh is a less effective alternative as it would not improve needed access to AC bed services in other areas of Wake County. The applicant has filed two other applications for AC beds, at Duke Cary and the proposed Duke Garner hospital, concurrently with this application. The applicant states that the three applications improve access to DUHS AC bed services and convenience for patients throughout the service area.

### **Conclusion**



The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposes to develop 3 new ORs at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

In Section E.2, page 102, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different number of ORs at hospital locations

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

- Maintaining the status quo is a less effective alternative as it does not address growing patient need operating room services at Duke Raleigh.
- Develop a different number of ORs at hospital locations- the applicant determined that because the service area ASF's all demonstrate a surplus of ORs and that beginning in November 2025 ASF's with ORs will not require a CON in Wake County the most effective alternative for the proposed ORs is a hospital setting. Further, the applicant determined that the approved 2 ORs at Duke Cary and the proposed 1 new OR at Duke Garner (proposed in an application filed concurrently with this application) provided sufficient OR capacity at Duke Cary and Duke Garner. Duke Raleigh can utilize existing space to accommodate the proposed three ORs at minimal capital cost. The applicant projects sufficient projected growth in OR need at Duke Raleigh to support the three new ORs.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposes to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh)

In Section E.2, pages 107-108, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop a different complement of AC beds at Duke Cary or seek to add all 70 ACH beds at Duke Raleigh
- Develop incremental AC Bed Capacity at Duke Cary.

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

- Maintaining the status quo is a less effective alternative as it does not address growing projected patient need for acute care bed capacity at Duke Cary and would not allow the applicant to take advantage of construction economies since, if approved, this would be a change of scope from a previously approved project and thus could be made part of the overall construction project.
- Developing all 70 AC beds at Duke Raleigh is a less effective alternative as it would not improve needed access to AC bed services in other areas of Wake County. Further, it would not decompress capacity issues at Duke Raleigh, including ancillary service. The applicant has filed two other applications for AC beds at Duke Raleigh (41 AC beds) and the proposed Duke Garner (12) hospital concurrently with this application. The applicant states that the three applications improve access to DUHS AC bed services and convenience for patients throughout the service area.
- Develop incremental AC bed capacity at Duke Cary- the applicant determined that developing a different number of AC beds at Duke Cary would be less effective at

addressing the needs of patients seeking DUHS services throughout Wake County which is why the applicant filed three concurrent applications (including at Duke Cary) for AC beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital in Garner with 12 new AC beds and 1 new OR pursuant to the need determination in the 2024 SMFP.

In Section E.2, pages 107-108, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo
- Develop the proposed hospital in another geographic location
- Develop the proposed hospital with a different number of AC beds and ORs

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

- Maintaining the status quo is a less effective alternative as it would not allow the applicant to address what it has identified as a need for DUHS patients geographic and timely access to community-based DUHS AC bed services in southern Wake County.
- Developing the proposed hospital in another geographic location- the applicant determined that there was no other geographic location that was a more effective alternative based on consideration of other existing and approved DUHS facilities in Wake County, the proposed Duke Garner catchment area's historical utilization of

DUHS services, its population growth, and the travel times currently associated with its access to existing DUHS services.

- Develop incremental AC bed capacity at Duke Garner or developing all 70 ACH beds at Duke Raleigh- the applicant determined that developing a different number of AC beds at Duke Garner would be less effective at addressing the needs of patients seeking DUHS services throughout Wake County which is why the applicant filed three concurrent applications (including at Duke Garner) for AC beds in Wake County. Developing all 70 AC beds at Duke Raleigh is a less effective alternative as it would not improve needed access to AC bed services in other areas of Wake County. Further, it would not decompress capacity issues at Duke Raleigh, including ancillary service.

### **Conclusion**

The Agency reviewed the:

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

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

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

**C**

### **The Rest of the Applications**

**NC**

**Novant Knightdale**

### **Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

### **Capital and Working Capital Costs**

In Section Q, proformas, Form F.1a, page 182, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	\$9,677,064
Architect / Engineering Fees	\$1,064,477
Non-Medical Equipment	\$3,801,900
Furniture	\$222,000
Consultant Fees (Other Consulting Fees, Project Testing, Permits)	\$125,000
Other (Scope/Project Contingency, Escalation)	\$1,575,236
<b>Total Capital Cost</b>	<b>\$16,465,677</b>

In Section F.1, page 84, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 87-88, the applicant states there will be no start-up costs or initial operating expenses because WakeMed North is an existing hospital.

**Availability of Funds**

In Section F.2, page 85, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>WakeMed</b>	<b>Total</b>
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$16,465,677	\$16,465,677
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$16,465,677</b>	<b>\$16,465,677</b>

\* OE = Owner’s Equity

Exhibit F.2 contains a letter dated August 1, 2024, from the Executive Vice President, Finance & Chief Financial Officer for WakeMed referencing the audited financial statements for WakeMed as of September 30, 2023, stating that WakeMed has adequate current assets to fund the projected capital costs for the proposed project and committing those funds for the proposed project. Exhibit F.2 also contains the audited financial statements for WakeMed which indicate the hospital had adequate cash and cash equivalents as of September 30, 2023, to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for both WakeMed North Hospital and WakeMed System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for both WakeMed North Hospital and WakeMed System, as shown in the tables below.

**WakeMed North Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/26-9/30/27)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/27-9/30/28)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/28-9/30/29)</b>
Total Gross Revenues	\$1,143,581,709	\$1,241,965,906	\$1,350,831,547
Total Net Revenue	\$325,533,552	\$356,316,098	\$390,083,908
Total Operating Expenses (Costs)	\$247,154,066	\$276,433,819	\$308,286,282
Net Income	\$78,379,487	\$79,882,279	\$81,797,626

Source: Form F.2b, WakeMed North Hospital, page 187.

**WakeMed System**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/26-9/30/27)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/27-9/30/28)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/28-9/30/29)</b>
Total Gross Revenues	\$10,105,216,694	\$11,340,901,126	\$12,069,160,644
Total Net Revenue	\$2,965,735,509	\$3,322,958,929	\$3,563,299,360
Total Operating Expenses (Costs)	\$2,855,648,744	\$3,188,690,598	\$3,401,052,826
Net Income	\$110,086,766	\$134,268,331	\$162,246,534

Source: Form F.2b, WakeMed North Hospital, page 190.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

**Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with 36 AC beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, page 194, the applicant projects the total capital cost of the project, as shown in the table below.

Purchase Price of Land	\$10,545,000
Closing Costs	\$100,000
Site Preparation	\$14,747,393
Construction/Renovation Contract(s)	\$168,205,593
Landscaping	\$2,561,534
Architect / Engineering Fees	\$20,315,848
Medical Equipment	\$21,823,946
Non-Medical Equipment	\$11,201,171
Furniture	\$7,425,438
Consultant Fees (Program Studies, AHJ Fees, Project Management, BeCX, CMT&SI)	\$238,692
Other (Security, Nurse Call, IT)	\$4,659,136
Other (Contingencies)	\$25,117,875
<b>Total Capital Cost</b>	<b>\$286,941,626</b>

In Section F.1, page 90, Section Q, Form F.1a Capital Cost, page 194, and Form F.1a Assumptions, page 195, and in Exhibit F-1.1 (architect’s cost letter) and Exhibit F-1.2 (medical equipment costs), the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 92, the applicant projects that start-up costs will be \$5,064,957 and initial operating expenses will be \$6,832,147 for a total working capital of \$11,897,104. On pages 92-93, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

**Availability of Funds**

In Section F.2, pages 90-91, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Novant Health, Inc.	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$286,941,626	\$286,941,626
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$286,941,626</b>	<b>\$286,941,626</b>

\* OE = Owner’s Equity



In Section F.3, pages 93-94, and Exhibit F-2.1, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital Novant Health, Inc.</b>	<b>Amount</b>
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$11,897,104
Lines of credit	\$
Bonds	\$
<b>Total *</b>	<b>\$11,897,104</b>

Exhibit F-2.1 contains an August 9, 2024, letter from the Senior Vice President, Operational Finance & Revenue Cycle for Novant Health, Inc. documenting that the funds are available in accumulated reserves and will be made available for the capital and working capital costs of the project. Exhibit F-2.2 contains the audited financial statements for Novant health, Inc. and Affiliates, which indicate adequate accumulated reserves and investments, including cash and cash equivalents, as of December 31, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

**Financial Feasibility**

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

**Novant Health Knightdale Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (CY2030)</b>	<b>2<sup>nd</sup> Full Fiscal Year (CY2031)</b>	<b>3<sup>rd</sup> Full Fiscal Year (CY2032)</b>
Total Gross Revenues (Charges)	\$233,577,140	\$245,588,649	\$258,003,369
Total Net Revenue	\$58,418,185	\$63,741,697	\$66,964,170
Total Operating Expenses (Costs)	\$58,873,750	\$61,100,792	\$63,121,708
Net Income	(\$455,566)	\$2,640,905	\$3,842,462

Source: Form F.2b, page 97, Novant Health Knightdale Hospital

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application.

However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 not conforming to this criterion for the following reasons:

- The applicant does not adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant does not adequately demonstrate 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 #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

### **Capital and Working Capital Costs**

In Section Q, proformas, Form F.1a, page 194, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	\$4,554,730
Architect / Engineering Fees	\$501,020
Medical Equipment	\$1,814,700
Non-Medical Equipment	\$101,267
Furniture	\$103,500
Consultant Fees (Other Consulting Fees, Project Testing, Permits)	\$175,000
Other (Scope/Project Contingency, Escalation)	\$1,226,042
<b>Total Capital Cost</b>	<b>\$8,476,259</b>

In Section F.1, page 91, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 94-95, the applicant states there will be no start-up costs or initial operating expenses because WakeMed Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 92, the applicant states that the capital cost will be funded, as shown in the table below.

Type	WakeMed	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$8,476,259	\$8,476,259
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$8,476,259</b>	<b>\$8,476,259</b>

\* OE = Owner’s Equity

Exhibit F.2 contains a letter dated August 1, 2024, from the Executive Vice President, Finance & Chief Financial Officer for WakeMed referencing the audited financial statements for WakeMed as of September 30, 2023, stating that WakeMed has adequate current assets to fund the projected capital costs for the proposed project and committing those funds for the proposed project. Exhibit F.2 also contains the audited financial statements for WakeMed which indicate the hospital had adequate cash and cash equivalents as of September 30, 2023, to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for both WakeMed Raleigh Hospital and WakeMed System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for both WakeMed Raleigh Hospital and WakeMed System, as shown in the tables below.

**WakeMed Raleigh Hospital**

	<b>1<sup>st</sup> Full Fiscal Year</b> <b>(10/1/25-9/30/26)</b>	<b>2<sup>nd</sup> Full Fiscal Year</b> <b>(10/1/26-9/30/27)</b>	<b>3<sup>rd</sup> Full Fiscal Year</b> <b>(10/1/27-9/30/28)</b>
Total Gross Revenues	\$4,367,314,542	\$4,720,880,037	\$4,999,098,286
Total Net Revenue	\$1,178,639,495	\$1,294,481,786	\$1,386,985,911
Total Operating Expenses (Costs)	\$1,173,789,794	\$1,284,641,115	\$1,383,378,819
Net Income	\$4,849,701	\$9,840,671	\$3,607,092

Source: Form F.2b, WakeMed Raleigh Hospital, page 199.

**WakeMed System**

	<b>1<sup>st</sup> Full Fiscal Year</b> <b>(10/1/25-9/30/26)</b>	<b>2<sup>nd</sup> Full Fiscal Year</b> <b>(10/1/26-9/30/27)</b>	<b>3<sup>rd</sup> Full Fiscal Year</b> <b>(10/1/27-9/30/28)</b>
Total Gross Revenues	\$9,482,624,040	\$10,074,859,076	\$11,296,173,417
Total Net Revenue	\$2,757,005,971	\$2,957,342,055	\$3,310,725,953
Total Operating Expenses (Costs)	\$2,677,669,567	\$2,849,090,102	\$3,180,088,882
Net Income	\$79,336,404	\$108,251,953	\$130,637,071

Source: Form F.2b, WakeMed System, page 202.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- 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 the following reasons:

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

### **Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

#### **Capital and Working Capital Costs**

In Section Q, Form F.1b, page 165, the applicant projects the total capital cost of the project, as shown in the table below.

	<b>Previously Approved Capital Cost [Project ID# J-12419-23]</b>	<b>Capital Cost (New) for this Project</b>	<b>New Total Capital Cost</b>
Site Preparation	9,680,000	\$0	\$9,680,000
Construction/Renovation Contract(s)	91,478,100	\$10,721,396	\$102,199,496
Architect / Engineering Fees	8,931,000	\$1,092,960	\$10,023,960
Medical Equipment	9,740,500	\$3,158,967	\$12,899,467
Non-Medical Equipment	10,072,070	\$2,457,183	\$12,529,253
Consultant Fees (Project Testing, Third Party Inspections, Impact Fees)	2,350,000	\$50,000	\$2,400,000
Financing Costs	2,232,699	\$289,092	\$2,521,791
Interest during Construction	6,698,244	\$962,531	\$7,660,775
Other (Permitting, Scope/Project Contingency, Escalation)	16,594,961	\$1,602,413	\$18,197,374
<b>Total Capital Cost</b>	<b>157,777,574</b>	<b>\$20,334,542</b>	<b>\$178,112,116</b>

In Section F.1.b, page 88, Exhibit F.1 (Architect Letter), and Section Q, Form F.1b, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 91-92, the applicant states there will be no start-up costs or initial operating expenses because WakeMed North is an existing hospital.

**Availability of Funds**

In Section F.2, page 89, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>WakeMed</b>	<b>Total</b>
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$0	\$0
Bonds	\$20,334,542	\$20,334,542
Other	\$0	\$0
<b>Total Financing</b>	<b>\$20,334,542</b>	<b>\$20,334,542</b>

\* OE = Owner's Equity

Exhibit F.2 contains a letter dated August 7, 2024, from Kaufman, Hall & Associates, LLC (Kaufman Hall) a municipal advisory firm registered with the U.S. Securities and Exchange

Commission and the MSRB stating that regarding the proposed project which is estimated to cost \$178.1 million (including the estimated \$20.3 million for the currently proposed project), *“Based on this significant market experience and assuming current market conditions as well as WakeMed’s current financial position, we are confident that WakeMed will be able to finance the cost of the Projects from cash and accumulated reserves and/or through bond issue proceeds, or a combination thereof, as needed. This is further evidenced by the WakeMed Obligated Group’s Cash & Short-Term Investments, which total over \$574 million as of 3/31/24, as well as their credit ratings of A2/A+ by Moody’s and Fitch, respectively. It is our intent to assist WakeMed with any debt financing deemed beneficial to support these projects.”*

Exhibit F.2 contains a copy of the audited financial statements for WakeMed as of September 30, 2023.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for both WakeMed North Hospital and WakeMed System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for both WakeMed North Hospital and WakeMed System, as shown in the tables below.

**WakeMed North Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/28- 9/30/29)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/29- 9/30/30)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/30- 9/30/31)</b>
Total Gross Revenues	\$1,561,237,886	\$1,662,959,293	\$1,797,140,945
Total Net Revenue	\$445,123,606	\$476,904,518	\$518,454,556
Total Operating Expenses (Costs)	\$390,598,101	\$427,970,911	\$466,745,952
Net Income	\$54,525,505	\$48,933,607	\$51,708,604

Source: Form F.2b, WakeMed North Hospital, page 170.

**WakeMed System**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/28- 9/30/29)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/29- 9/30/30)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/30- 9/30/31)</b>
Total Gross Revenues	\$12,178,879,646	\$12,929,033,283	\$13,733,026,553
Total Net Revenue	\$3,586,730,721	\$3,828,603,363	\$4,085,154,159
Total Operating Expenses (Costs)	\$3,448,072,171	\$3,673,729,893	\$3,892,335,119
Net Income	\$138,658,549	\$154,873,470	\$192,819,040

Source: Form F.2b, WakeMed North Hospital, page 173.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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



**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

**Capital and Working Capital Costs**

In Section Q, Form F.1b, page 160, the applicant projects the total capital cost of the project, as shown in the table below.

	Previously Approved Capital Cost [Project ID# J-12418-23]	Capital Cost (New) for this Project	New Total Capital Cost
Construction/Renovation Contract(s)	\$1,300,950	\$14,592,968	\$15,893,918
Architect / Engineering Fees	\$97,571	\$1,824,121	\$1,921,692
Medical Equipment	\$150,000	\$2,283,909	\$2,433,909
Non-Medical Equipment	\$100,000	\$6,451,909	\$6,551,909
Consultant Fees (Project Testing, Third Party Inspections, Impact Fees)	\$45,000	\$250,000	\$295,000
Other (Permitting, Scope/Project Contingency, Escalation)	\$130,095	\$3,553,130	\$3,683,225
<b>Total Capital Cost</b>	<b>\$1,823,616</b>	<b>\$28,956,037</b>	<b>\$30,779,653</b>

In Section F.1.b, page 85, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1b, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 88-89, the applicant states there will be no start-up costs or initial operating expenses because WakeMed North is an existing hospital.

**Availability of Funds**

In Section F.2, page 86, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	WakeMed	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$28,956,037	\$28,956,037
Bonds	\$0	\$0
Other	\$0	\$0
Total Financing	\$28,956,037	\$28,956,037

\* OE = Owner's Equity

Exhibit F.2 contains a letter dated August 1, 2024, from the Executive Vice President, Finance & Chief Financial Officer for WakeMed referencing the audited financial statements for WakeMed as of September 30, 2023, stating that WakeMed has adequate current assets to fund the projected capital costs for the proposed project and committing those funds for the proposed project. Exhibit F.2 also contains the audited financial statements for WakeMed which indicate the hospital had adequate cash and cash equivalents as of September 30, 2023, to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for both WakeMed Cary Hospital and WakeMed System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for both WakeMed North Hospital and WakeMed System, as shown in the tables below.

**WakeMed Cary Hospital**

	1 <sup>st</sup> Full Fiscal Year (10/1/26-9/30/27)	2 <sup>nd</sup> Full Fiscal Year (10/1/27-9/30/28)	3 <sup>rd</sup> Full Fiscal Year (10/1/28-9/30/29)
Total Gross Revenues ( <b>Charges??? ASK LISA</b> )	\$1,805,705,419	\$2,027,775,729	\$2,141,026,142
Total Net Revenue	\$486,445,117	\$552,309,132	\$588,730,028
Total Operating Expenses (Costs)	\$440,171,327	\$494,475,150	\$532,430,555
Net Income	\$46,273,790	\$57,833,982	\$56,299,473

Source: Form F.2b, WakeMed Cary Hospital, page 165.

**WakeMed System**

	<b>1<sup>st</sup> Full Fiscal Year (10/1/26-9/30/27)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/27-9/30/28)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/28-9/30/29)</b>
Total Gross Revenues	\$10,159,689,074	\$11,384,123,238	\$12,095,886,116
Total Net Revenue	\$2,976,538,740	\$3,330,546,715	\$3,566,235,776
Total Operating Expenses (Costs)	\$2,867,027,092	\$3,199,615,237	\$3,409,792,887
Net Income	\$109,511,648	\$130,931,478	\$156,442,889

Source: Form F.2b, WakeMed System, page 168.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

**Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1a, page 166, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	\$2,512,500
Architect / Engineering Fees	\$168,750
Medical Equipment	\$250,000
Non-Medical Equipment	\$105,000
Furniture	\$75,000
Consultant Fees (Other Consulting Fees, Project Testing, Permits)	\$55,000
Other (Scope/Project Contingency, Escalation)	\$753,036
<b>Total Capital Cost</b>	<b>\$3,919,286</b>

In Section F.1, page 86, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 89-90, the applicant states there will be no start-up costs or initial operating expenses because WakeMed Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 87, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	WakeMed	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$3,919,286	\$3,919,286
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$3,919,286</b>	<b>\$3,919,286</b>

\* OE = Owner’s Equity

Exhibit F.2 contains a letter dated August 1, 2024, from the Executive Vice President, Finance & Chief Financial Officer for WakeMed referencing the audited financial statements for WakeMed as of September 30, 2023, stating that WakeMed has adequate current assets to fund the projected capital costs for the proposed project and committing those funds for the proposed project. Exhibit F.2 also contains the audited financial statements for WakeMed which indicate the hospital had adequate cash and cash equivalents as of September 30, 2023, to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for both WakeMed Raleigh Hospital and WakeMed System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for both WakeMed Raleigh Hospital and WakeMed System, as shown in the tables below.

**WakeMed Raleigh Hospital**

	<b>1<sup>st</sup> Full Fiscal Year</b> <b>(10/1/25-9/30/26)</b>	<b>2<sup>nd</sup> Full Fiscal Year</b> <b>(10/1/26-9/30/27)</b>	<b>3<sup>rd</sup> Full Fiscal Year</b> <b>(10/1/27-9/30/28)</b>
Total Gross Revenues	\$4,466,424,605	\$4,824,087,627	\$5,105,365,269
Total Net Revenue	\$1,201,870,678	\$1,318,438,124	\$1,411,413,183
Total Operating Expenses (Costs)	\$1,193,993,901	\$1,305,512,006	\$1,404,877,935
Net Income	\$7,876,777	\$12,926,118	\$6,535,248

Source: Form F.2b, WakeMed Raleigh Hospital, page 171.

**WakeMed System**

	<b>1<sup>st</sup> Full Fiscal Year</b> <b>(10/1/25-9/30/26)</b>	<b>2<sup>nd</sup> Full Fiscal Year</b> <b>(10/1/26-9/30/27)</b>	<b>3<sup>rd</sup> Full Fiscal Year</b> <b>(10/1/27-9/30/28)</b>
Total Gross Revenues	\$9,581,734,103	\$10,178,066,665	\$11,402,440,400
Total Net Revenue	\$2,780,237,154	\$2,981,298,393	\$3,335,153,225
Total Operating Expenses (Costs)	\$2,697,873,313	\$2,869,961,352	\$3,201,587,997
Net Income	\$82,363,841	\$111,337,040	\$133,565,228

Source: Form F.2b, WakeMed System, page 174.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected

utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

### **Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determinations in the 2024 SMFP.

### **Capital and Working Capital Costs**

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

**Acute Care Beds**

Construction/Renovation Contract(s)	\$6,468,440
Architect / Engineering Fees	\$847,366
Medical Equipment	\$1,380,000
Non-Medical Equipment	\$1,940,532
Furniture	\$355,764
Consultant Fees (Project Testing, Third Party Inspections, Impact Fees)	\$201,711
Other (CON Filing Fees, Permit Fees, Contingencies)	\$593,691
<b>Total Capital Cost</b>	<b>\$11,787,504</b>

**Surgical Services**

Construction/Renovation Contract(s)	\$2,266,222
Architect / Engineering Fees	\$296,875
Medical Equipment	\$1,042,462
Non-Medical Equipment	\$679,867
Furniture	\$124,642
Consultant Fees (Project Testing, Third Party Inspections, Impact Fees)	\$76,656
Other (CON Filing Fees, Permit Fees, Contingencies)	\$258,336
<b>Total Capital Cost</b>	<b>\$4,745,060</b>

In Section F.1, page 92, Section Q, Form F.1a Capital Cost and From F.1a Assumptions, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 99-100, the applicant states there will be no start-up costs or initial operating expenses because UNC Rex Raleigh Hospital is an existing hospital.

**Availability of Funds**

In Section F.2, page 92, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Rex Hospital, Inc.	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$16,532,564	\$16,532,564
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$16,532,564</b>	<b>\$16,532,564</b>

\* OE = Owner’s Equity

Exhibit F.2-1 contains an August 15, 2024, letter from a Chief Financial Officer for Rex Hospital, Inc. documenting that the funds will be made available for the capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate cash and cash equivalents as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for the UNC Rex Hospital License, the applicant projects that revenues will exceed operating expenses for UNC Rex Hospital License in the first three full fiscal years following completion of the project, as shown in the table below.

**UNC Rex Hospital License**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/26-6/30/27)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/27-6/30/28)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/28-6/30/29)</b>
Total Gross Revenues (Charges)	\$5,284,299,131	\$5,538,712,303	\$5,805,404,522
Total Net Revenue	\$1,862,211,374	\$1,950,893,813	\$2,043,829,007
Total Operating Expenses (Costs)	\$1,789,034,700	\$1,868,139,306	\$1,950,797,059
Net Income	\$73,176,674	\$82,754,506	\$93,031,948

Source: Form F.2b, UNC Health Rex License

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.



## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

### **Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with 50 AC beds and 2 ORs pursuant to the need determinations in the 2024 SMFP.

### **Capital and Working Capital Costs**

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

Purchase Price of Land	\$15,300,000
Closing Costs	\$275,000
Site Preparation	\$26,919,016
Construction/Renovation Contract(s)	\$304,886,139
Landscaping	\$8,652,560
Architect / Engineering Fees	\$28,938,906
Medical Equipment	\$24,059,309
Non-Medical Equipment	\$13,036,795
Furniture	\$4,329,237
Consultant Fees (Program Studies, AHJ Fees, Project Management, BeCX, CMT&SI)	\$14,469,453
Other (CON Filing Fees, Permit Fees, Contingencies)	\$21,264,571
<b>Total Capital Cost</b>	<b>\$462,130,986</b>

In Section F.1, page 106, Section Q, Form F.1a Capital Cost and Form F.1a Assumptions, and in Exhibit F.1, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 108-109, the applicant projects that start-up costs will be \$4,190,073 and initial operating expenses will be \$17,992,515 for a total working capital of \$22,182,588. On pages 108-109, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

**Availability of Funds**

In Section F.2, page 106, the applicant states that the capital cost will be funded, as shown in the table below.

Type	Rex Hospital, Inc.	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$462,130,986	\$462,130,986
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$462,130,986</b>	<b>\$462,130,986</b>

\* OE = Owner's Equity

In Section F.3, pages 109-110, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital Rex Hospital, Inc.</b>	<b>Amount</b>
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$22,182,588
Lines of credit	\$
Bonds	\$
<b>Total *</b>	<b>\$22,182,588</b>

Exhibit F.2-1 contains an August 15, 2024, letter from a Chief Financial Officer for Rex Hospital, Inc. documenting that the funds will be made available for the capital and working capital costs of the project. Exhibit F.2-2 contains the audited financial statements for Rex Healthcare, Inc. which indicate the hospital had adequate accumulated cash reserves and investments, including cash and cash equivalents, as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses for UNC Rex Wake Forest Hospital in the first three full fiscal years following completion of the project, as shown in the table below.

**UNC Health Rex Wake Forest Hospital**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/30-6/30/31)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/31-6/30/32)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/32-6/30/33)</b>
Total Gross Revenues (Charges)	\$172,380,780	\$272,638,628	\$383,295,229
Total Net Revenue	\$70,988,395	\$112,275,734	\$157,845,399
Total Operating Expenses (Costs)	\$69,703,136	\$98,809,493	\$130,839,195
Net Income	\$1,285,259	\$13,466,241	\$27,006,204

Source: Form F.2b, UNC Health Rex Wake Forest Hospital

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

**Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposes to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1, page 177, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	\$10,700,000
Architect / Engineering Fees	\$1,050,000
Medical Equipment	\$3,000,000
Furniture	\$500,000
<b>Total Capital Cost</b>	<b>\$15,250,000</b>

In Section F.1, page 99, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1, and Form F.1a *Capital Cost Assumptions*, p, 178, the applicant provides the assumptions used to project the capital cost. The applicant adequately

demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 101, the applicant states there will be no start-up costs or initial operating expenses because Duke Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 99, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>DUHS, Inc.</b>	<b>Total</b>
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$15,250,000	\$15,250,000
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$15,250,000</b>	<b>\$15,250,000</b>

\* OE = Owner’s Equity

Exhibit F.2 contains a letter dated August 12, 2024, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/2028-6/30/2029)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/2029-6/30/2030)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/2030-6/30/2031)</b>
Total Gross Revenues	\$25,055,629,000	\$26,330,775,000	\$27,497,203,000
Total Net Revenue	\$8,316,668,000	\$8,729,125,000	\$9,108,577,000
Total Operating Expenses (Costs)	\$7,842,231,000	\$8,286,971,000	\$8,642,869,000
Net Income	\$474,437,000	\$442,154,000	\$465,708,000

Source: Form F.2b, DUHS, page 187.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

**Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposes to develop 3 ORs at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1, page 170, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/Renovation Contracts	\$50,000
Other (Contingency)	\$950,000
<b>Total Capital Cost</b>	<b>\$1,000,000</b>

In Section F.1, page 104, Section Q, Form F.1, and Form F.1a *Capital Cost Assumptions*, p, 171, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 106, the applicant states there will be no start-up costs or initial operating expenses because Duke Raleigh is an existing hospital.

**Availability of Funds**

In Section F.2, page 10, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	DUHS, Inc.	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$1,000,000	\$1,000,000
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>

\* OE = Owner's Equity

Exhibit F.2 contains a letter dated August 12, 2024, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for the Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/2029-6/30/2030)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/2030-6/30/2031)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/2031-6/30/2032)</b>
Total Gross Revenues	\$26,330,775,000	\$27,497,203,000	\$28,673,831,000
Total Net Revenue	\$8,729,125,000	\$9,108,577,000	\$9,491,929,000
Total Operating Expenses (Costs)	\$8,286,971,000	\$8,642,869,000	\$9,004,939,000
Net Income	\$442,154,000	\$465,708,000	\$486,990,000

Source: Form F.2b, DUHS, page 180.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

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

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.2b, page 221, the applicant projects the total capital cost of the project, as shown in the table below.

	<b>Previously Approved Capital Cost [Project ID#J-12029-21]</b>	<b>Capital Cost (New) for this Project</b>	<b>New Total Capital Cost</b>
Site Preparation	\$13,600,000	\$7,100,000	\$20,700,000
Construction/Renovation Contract(s)	\$161,700,000	\$123,900,000	\$285,600,000
Landscaping	\$550,000	\$300,000	\$850,000
Architect / Engineering Fees	\$15,100,000	\$12,250,000	\$27,350,000
Medical Equipment	\$36,400,000	\$26,400,000	\$62,800,000
Non-Medical Equipment	\$5,450,000	\$5,250,000	\$10,700,000
Furniture	\$2,150,000	\$2,750,000	\$4,900,000
Other (CON Filing Fees)	\$50,000	\$50,000	\$100,000
Other (Contingency)	\$0	\$30,100,000	\$30,100,000
<b>Total Capital Cost</b>	<b>\$235,000,000</b>	<b>\$208,100,000</b>	<b>\$443,100,000</b>

In Section F.1, page 109, Exhibit F.1 (Architect Letter certifying construction cost estimates), and Section Q, Form F.1b, and Form F.1b *Assumptions*, p, 222, the applicant

provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, pages 111-112, the applicant projects that start-up costs will be \$6,657,685 (increase over original project) and initial operating expenses will be \$47,029,084 (increase over original project) for a total working capital of \$53,686,768. On pages 112-114, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

**Availability of Funds**

In Section F.2, page 109, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>DUHS, Inc.</b>	<b>Total</b>
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$208,100,000	\$208,100,000
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$208,100,000</b>	<b>\$208,100,000</b>

\* OE = Owner’s Equity

In Section F.3, pages 113-114, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital Duke University Health Systems, Inc.</b>	<b>Amount</b>
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$79,799,235
Lines of credit	\$
Bonds	\$
<b>Total *</b>	<b>\$79,799,235</b>

Exhibit F.2 contains a letter dated August 12, 2024, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. The applicant provided Form F.2b for the Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/2029-6/30/2030)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/2030-6/30/2031)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/2031-6/30/2032)</b>
Total Gross Revenues	\$26,330,775,000	\$27,497,203,000	\$28,673,831,000
Total Net Revenue	\$8,729,125,000	\$9,108,577,000	\$9,491,929,000
Total Operating Expenses (Costs)	\$8,286,971,000	\$8,642,869,000	\$9,004,939,000
Net Income	\$442,154,000	\$465,708,000	\$486,990,000

Source: Form F.2b, DUHS, page 239.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with 12 new acute care beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

**Capital and Working Capital Costs**

In Section Q, proformas, Form F.1a, page 214, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/Renovation Contract(s)	\$115,000,000
Architect / Engineering Fees	\$21,510,000
Medical Equipment	\$31,000,000
Furniture	\$3,400,000
Other (CON Filing Fees)	\$50,000
Other (Contingency)	\$34,192,000
<b>Total Capital Cost</b>	<b>\$205,152,000</b>

In Section F.1, page 109, Exhibit F.1 (Architect Letter certifying cost estimates), and Section Q, Form F.1a, p, 214, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F.3, page 111, the applicant projects that start-up costs will be \$2,932,417 and initial operating expenses will be \$2,174,390 for a total working capital of 5,106,807. On pages 111-113, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

**Availability of Funds**

In Section F.2, page 109, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>DUHS, Inc.</b>	<b>Total</b>
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$205,152,000	\$205,152,000
Bonds	\$0	\$0
Other	\$0	\$0
<b>Total Financing</b>	<b>\$205,152,000</b>	<b>\$205,152,000</b>

\* OE = Owner’s Equity

In Section F.3, pages 113-114, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital Duke University Health System, Inc.</b>	<b>Amount</b>
Loans	\$
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$5,106,807
Lines of credit	\$
Bonds	\$
<b>Total *</b>	<b>\$5,106,807</b>

Exhibit F.2 contains a letter dated August 12, 2024, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital and working capital costs of the project. Exhibit F.2 also contains a copy of the audited financial statements for Duke University Health System which indicate adequate cash and cash equivalents as of June 30, 2023, to fund the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for 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 completion of the project. The applicant provided Form F.2b for the Duke University Health System. The applicant projects that revenues will exceed operating expenses the first three full fiscal years following completion of the proposed project for the Duke University Health System, as shown in the tables below.

**Duke University Health System**

	<b>1<sup>st</sup> Full Fiscal Year (7/1/2029-6/30/2030)</b>	<b>2<sup>nd</sup> Full Fiscal Year (7/1/2030-6/30/2031)</b>	<b>3<sup>rd</sup> Full Fiscal Year (7/1/2031-6/30/2032)</b>
Total Gross Revenues	\$26,330,775,000	\$27,497,203,000	\$28,673,831,000
Total Net Revenue	\$8,729,125,000	\$9,108,577,000	\$9,491,929,000
Total Operating Expenses (Costs)	\$8,286,971,000	\$8,642,869,000	\$9,004,939,000
Net Income	\$442,154,000	\$465,708,000	\$486,990,000

Source: Form F.2b, DUHS, page 229.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 the following reasons:

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

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

**C**  
**The Rest of the Applications**

**NC**  
**Novant Knightdale**

The 2024 SMFP includes a need determination for 70 acute care beds in the Wake County service area.

**Acute Care Beds.** The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

There are 1,509 existing and approved acute care beds in Wake County plus the 44 acute care beds from the 2023 SMFP need determination. Four applications were received in 2023 proposing development of those 44 AC beds. The Agency issued a decision, however that decision is currently under appeal so those 44 acute care beds will not be allocated to any of the applicants until that appeal is resolved. There are eight hospital campuses (existing and/or approved) in the Wake County service area that are divided between three health systems. The hospital campuses with acute care beds allocations are listed in the following table.

	Licensed Acute Care Beds	Adjustments for CONs/Previous Need Determinations	Total All Beds
Duke Raleigh Hospital	204	(-40)	164
Duke Cary Hospital*	0	40	40
<b>Total: Duke Health System</b>	<b>204</b>	<b>0</b>	<b>204</b>
UNC Rex Hospital	418	18	436
UNC Rex Holly Springs Hospital	50	0	50
<b>Total: UNC Rex Health System*</b>	<b>468</b>	<b>18</b>	<b>486</b>
WakeMed Raleigh Campus	519	20	539
WakeMed Raleigh Campus		(-22)	(-22)
Total: WakeMed Raleigh			517
WakeMed North Hospital	55	16	71
WakeMed Garner Hospital		31	31
WakeMed Cary Hospital	200	0	200
<b>Total: WakeMed Health System**</b>	<b>774</b>	<b>45</b>	<b>819</b>
<b>2023 NEED DETERMINATION</b>	<b>0</b>	<b>44</b>	<b>44</b>
<b>Total: Wake County Service Area Total with 2023 Need Determination</b>	<b>1,446</b>	<b>107</b>	<b>1553</b>

**Source:** Table 5A, 2024 SMFP, pages 43; 2024 Hospital License Renewal Applications (LRAs); and project approval data.

\*DUHS was originally approved to develop a separately licensed acute care hospital, Duke Green Level Hospital (Project ID#J-12029-21), by relocating 40 AC beds from Duke Raleigh. The proposed hospital has been renamed Duke Cary Hospital. In addition, once developed, Duke Cary Hospital will operate as a hospital campus under the Duke Raleigh Hospital License and not as a separately licensed hospital.

\*\*UNC Rex Health System has two hospitals operating under the same license. UNC Rex Hospital was approved to develop 18 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12258-22).

\*\*\*WakeMed was approved to develop a new acute care hospital with 31 AC beds, WakeMed Garner Hospital, by relocating 22 AC beds from WakeMed Raleigh and developing 9 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12264-22). In addition, WakeMed Raleigh has approval to develop 20 additional AC beds per Project ID# J-10165-13 (reconvert 20 nursing facility beds to acute care beds) and WakeMed North has approval to develop 16 additional AC beds per Project ID# J-10166-13 (reconvert 16 nursing facility beds to acute care beds). Project ID# J-10165-13 at WakeMed Raleigh was completed and offering services as of April 1, 2023. Project ID# J-10166-13 at WakeMed North was completed and offering services as of June 28, 2023.

**Operating Rooms.** On page 47, the 2024 SMFP defines the service area for OR as “single or multicounty grouping shown in Figure 6.1.” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in Wake County, and the inpatient and outpatient case volumes for each provider, from pages 64-65 and pages 77-78 of the 2024 SMFP.



2024 Wake County Acute Care Bed and OR Review

Project ID #'s J-12533-24, J-12534-24, J-12535-24, J-12536-24, J-12537-24, J-12538-24, J-12542-24, J-12543-24, J-12546-24, J-12547-24, J-12548-24, J-12549-24

Wake County Operating Room Inventory and Cases	IP ORs	OP ORs	Share d ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Adjusted Planning Inventory	IP Surgery Cases	OP Surgery Cases
Duke Cary Hospital	0	0	0	0	2	2	0	0
Duke Health Green Level ASC	0	0	0	0	1	1	0	0
Duke Health Garner ASC	0	0	0	0	1	1	0	0
Duke Health Raleigh ASC	0	0	0	0	1	1	0	0
Duke Raleigh Hospital	0	0	15	0	-3	12	2,644	8,193
<b>Duke University Health System Total</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>2</b>	<b>17</b>		
Orthopaedic Surgery Center of Garner	0	0	0	0	1	1	0	0
Rex Surgery Center of Cary	0	4	0	0	0	4	0	3,695
Raleigh Orthopedic Surgery Center	0	3	0	0	1	4	0	2,787
Rex Surgery Center of Wakefield	0	2	0	0	0	2	0	1,908
Raleigh Orthopedic Surgery-West Cary	0	1	0	0	0	1	0	355
UNC Rex Hospital (incl. UNC Rex Holly Springs)	4	0	27	-4	1	28	6,635	14,143
<b>UNC Health Care System Total</b>	<b>4</b>	<b>10</b>	<b>27</b>	<b>-4</b>	<b>3</b>	<b>40</b>		
WakeMed Garner Hospital	0	0	0	0	2	2	0	0
WakeMed Surgery Center-Cary	0	0	0	0	1	1	0	0
WakeMed Surgery Center-North Raleigh	0	0	0	0	1	1	0	0
Capital City Surgery Center	0	7	0	0	-1	6	0	6,938
WakeMed (incl. WakeMed North)	8	0	20	-5	0	23	8,712	14,194
WakeMed Cary Hospital	2	0	9	-2	1	10	2,643	4,500
<b>WakeMed System Total</b>	<b>10</b>	<b>7</b>	<b>29</b>	<b>-7</b>	<b>4</b>	<b>43</b>		
OrthoNC ASC	0	1	0	0	0	1	0	40
RAC Surgery Center	0	1	0	0	0	1	0	2,126
Raleigh Endoscopy Center – Holly Springs	0	0	0	0	0	0	0	0
Raleigh Neurological and Spine Surgery Center	0	1	0	0	0	1		213
Surgical Center for Dental Professionals*	0	2	0	0	0	2	0	1,079
Blue Ridge Surgery Center	0	6	0	0	0	6	0	6,431
Raleigh Plastic Surgery Center	0	1	0	0	0	1	0	419
Valleygate Surgery Center	0	0	0	0	1	1	0	0
Triangle Surgery Center	0	3	0	0	1	4	0	3,145
Holly Springs Surgery Center	0	3	0	0	0	3	0	2,242
<b>Total ASC</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>20</b>		
<b>Total Wake County ORs</b>	<b>14</b>	<b>35</b>	<b>71</b>	<b>-11</b>	<b>11</b>	<b>120</b>		

Source: 2024 SMFP, Table 6A and Table 6B.

\*Ambulatory surgery demonstration project included in the inventory but not included in the need determination calculations.

As the table above indicates, there are eight existing or approved hospitals in Wake County (Duke Raleigh Hospital, Duke Cary Hospital, UNC Rex Hospital, UNC Rex Holly Springs

Hospital, WakeMed Raleigh, WakeMed North, WakeMed Cary and WakeMed Garner) with a total adjusted planning inventory of 77 ORs. There are 20 existing or approved ambulatory surgery facilities in Wake County with a total adjusted planning inventory of 44 ORs. The 2024 SMFP shows a need for four additional ORs for the Wake County service area.

### **Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2024 SMFP.

In Section G.2, page 95, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

*“The proposed project is in response to the need determination for 4 operating rooms in Wake County in the 2024 State Medical Facilities Plan. The proposal will not result in an unnecessary duplication of the existing or approved facilities that provide the same services and are located in the proposed service area. WakeMed is not proposing new services or to expand its current service area; rather, WakeMed is proposing to increase surgical capacity at WakeMed North by adding two operating rooms and two procedure rooms with minimal other changes to meet that need.*

*Wake County population is rapidly growing and aging. These two factors are major drivers of the upsurge in surgical utilization and surgical case times. As the population ages it tends to have more high acuity, medically complex cases that can only be addressed by inpatient surgery. This produced the need determination for four operating rooms in Wake County as published in the 2024 SMFP. According to Table 6B on page 78, WakeMed Health & Hospitals facilities will have a deficit of 4.26 operating rooms in 2026, the largest deficit among the health care systems located in Wake County. The deficit occurs after the methodology accounts for the two surgery centers that WakeMed opened in FY 2023 and FY 2024 (WakeMed Surgery Center – Cary and WakeMed Surgery Center-North Raleigh, respectively), as well as operating room capacity at WakeMed Garner Hospital, which is currently under development.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved operating room services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop two ORs.
- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with a total of 36 acute care beds and 1 OR by developing no more than 36 new acute care beds and one new OR pursuant to the need determinations in the 2024 SMFP.

In Section G.2, page 102, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

*“NH Knightdale will not unnecessarily duplicate existing and approved facilities. Some duplication of capacity is a necessary prerequisite for competition and for physician and patient choice. Projected population growth in the service area will increase total demand for services.*

...

*The 2024 SMFP shows a need for 70 acute care beds and 4 ORs in Wake County. Therefore, the county- level acute care beds and ORs requested in this application are just a portion of the needed assets and cannot be an unnecessary duplication of assets. The proposed hospital will be the furthest-east hospital in Wake County and will improve access to hospital-based services for residents in the eastern portion of the county.”*

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on

project need and projected utilization not being reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 not conforming to this criterion for all the reasons described above.

### **Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop no more than two additional ORs pursuant to the need determination in the 2024 SMFP.

In Section G.2, pages 101-102, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

*“The proposed project is in response to the need determination for 4 operating rooms in Wake County in the 2024 State Medical Facilities Plan. The proposal will not result in an unnecessary duplication of the existing or approved facilities that provide the same services and are located in the proposed service area. WakeMed is not proposing new services or to expand its current service area; rather, WakeMed is proposing to increase surgical capacity at WakeMed Raleigh Campus by adding two operating rooms to better meet the growing needs of its existing catchment area’s population.*

*Wake County population is rapidly growing and aging. These two factors are major drivers of the upsurge in surgical utilization and surgical case times. As the population ages it tends to have more high acuity, medically complex cases that can only be addressed by inpatient surgery. This produced the need determination for four ORs in Wake County as published in the 2024 SMFP. According to Table 6B on page 78, WakeMed Health & Hospitals facilities will have a deficit of 4.26 operating rooms in 2026, the largest deficit among the health care systems located in Wake County. The deficit occurs after the methodology accounts for the two surgery centers that WakeMed*

*opened in FY 2023 and FY 2024 (WakeMed Surgery Center – Cary and WakeMed Surgery Center-North Raleigh, respectively), as well as operating room capacity at WakeMed Garner Hospital, which is currently under development.*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved operating room services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop two ORs in this application.
- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section G.2, pages 99-101, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The proposed project is in response to the need determination for acute care beds in Wake County in the 2024 SMFP.*

...

*WakeMed needs more acute care beds just to address significant current inpatient demand at WakeMed North. Exhibit G.2 shows the number of patients who have been in the hospital in holding or “boarding” beds, while they waited for available acute care inpatient beds. These patients were held in the Emergency Department, in the surgical post-acute care unit, and, unfortunately, in hallways at peak times. Counts of these patients do not show up in the SMFP bed statistics, because they are classified as outpatients rather than as inpatients.*

*In the months between April 2023 and March 2024, on a given day, as many as 22 people were in this position. Their median monthly stay was 15 to 20 hours in the ED. Some stayed two or more days. If these patients were distributed evenly across the days of the year, they would represent about 14 beds. According to WakeMed North administration, in July 2024 as many as 44 patients were being held at one time awaiting bed placement. As the table in Exhibit G.2 illustrates, however, they are not distributed evenly. Patient boarding peaks during the cold weather months and smaller surges occur throughout the year.*

*WakeMed has struggled to keep up with community demand. WakeMed North was on Emergency Department Red Diversion during each of the last 12 months. When that occurred, ambulances were diverted to other hospitals. WakeMed worked to transfer patients to available beds within the system. However, as illustrated in Exhibit E.3, p35 and the utilization history and forecasts with Form C in Section Q of this application, other WakeMed facilities are also operating above their target occupancies.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 25 acute care beds.
- The applicant adequately demonstrates that the proposed 25 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section G.2, pages 96-97, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The proposed project is in response to the need determination for 70 acute care beds in Wake County in the 2024 State Medical Facilities Plan.*

*As documented throughout this application, WakeMed Cary needs more licensed non-neonatal acute care beds to address significant current capacity constraints that have occurred in the past four years and can reasonably be expected to continue in future years. Using the metric of nursing-equivalent patient days, WakeMed Cary med-surg and ICU beds exceeded 80 percent capacity on 364 of 365 days during FY 2023, and on 183 of 183 days during the first half of FY 2024. This does not count patients held in the ED or in unlicensed observation beds. Please see the discussion in Section C.4.*

*Data from WakeMed Cary Emergency Department records show that for the 12 months ending in March 2024, an average of 12 patients a day were boarding in the Emergency Department for more than 24 hours after an inpatient bed was requested. These data are based on individual patients’ wait times. Historical data show the number increasing. See Exhibit G.2.*

...

*Counts of days these patients spent in the hospital do not show up in the SMFP bed statistics, because they are classified as outpatients rather than as inpatients.*

*Adding services to meet this demand does not represent unnecessary duplication of services. It represents reasonable planning to accommodate the pattern of seasonal surges that have occurred at this hospital.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 24 acute care beds.
- The applicant adequately demonstrates that the proposed 24 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12542-24/UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determination in the 2024 SMFP.

In Section G.2, page 103, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The 2024 SMFP includes a need determination for 70 additional acute care beds and four additional ORs in Wake County. As described in Section C.4 and Form C Assumptions and Methodology, UNC Health Rex Hospital’s acute care days grew at a compound annual growth rate (CAGR) of 4.5 percent from fiscal year (FY) 2019 through FY 2024 – more than double this historical growth rate of Wake County. This has led to that campus having high occupancy rates, which have negatively impacted multiple aspects of hospital operations and forced UNC Health Rex to not only be on temporary bed overflow status at UNC Health Rex Hospital, but also hold patients in the emergency department or other areas of the hospital for extended periods of time until a bed is available for admission. As the only tertiary hospital in Wake County that is part of a health system led by a quaternary, academic medical center, UNC Health Rex Hospital plays a unique role in Wake County and the surrounding area, including*



*providing a site of care for UNC faculty physicians from multiple specialties, and offering some of the highest acuity care available in the county. No other provider can meet the needs of patients that choose UNC Health Rex Hospital. Given these factors, UNC Health Rex's proposed project will not result in an unnecessary duplication of the existing or approved health service facilities located in the proposed service area that provide acute care services."*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services and OR services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 50 acute care beds.
- The applicant adequately demonstrates that the proposed 50 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.
- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determinations in the 2024 SMFP.

In Section G.2, page 103, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The 2024 SMFP includes a need determination for 70 additional acute care beds and four additional ORs in Wake County. As described in Section C.4 and Form C Assumptions and Methodology, UNC Health Rex Hospital’s acute care days grew at a compound annual growth rate (CAGR) of 4.5 percent from fiscal year (FY) 2019 through FY 2024 – more than double this historical growth rate of Wake County. This has led to that campus having high occupancy rates, which have negatively impacted multiple aspects of hospital operations and forced UNC Health Rex to not only be on temporary bed overflow status at UNC Health Rex Hospital but also hold patients in the emergency department or other areas of the hospital for extended periods of time until a bed is available for admission. As the only tertiary hospital in Wake County that is part of a health system led by a quaternary, academic medical center, UNC Health Rex Hospital plays a unique role in Wake County and the surrounding area, including providing a site of care for UNC faculty physicians from multiple specialties, and offering some of the highest acuity care available in the county. No other provider can meet the needs of patients that choose UNC Health Rex Hospital. Given these factors, UNC Health Rex’s proposed project will not result in an unnecessary duplication of the existing or approved health service facilities located in the proposed service area that provide acute care services.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services and OR services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 50 acute care beds.
- The applicant adequately demonstrates that the proposed 50 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.
- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with a total of 50 acute care beds and 2 ORs pursuant to the need determinations in the 2024 SMFP.

In Section G.2, page 116, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

*“The 2024 SMFP includes a need determination for 70 additional acute care beds and four additional ORs in Wake County. As described in Section C.4 and Form C Assumptions and Methodology, UNC Health Rex believes there is currently a lack of accessible acute care services in northern Wake and Franklin counties, two areas from which UNC Health Rex has historically served a significant number of patients. Given that the most northern acute care facility in Wake County is still within the Raleigh city limits and given that there is currently no hospital in Franklin County that provides inpatient acute care services, the proposed project to develop a new acute care facility in Wake Forest will not duplicate any existing services in that area of Wake County.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services and OR services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 50 acute care beds.
- The applicant adequately demonstrates that the proposed 50 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.
- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop two ORs.
- The applicant adequately demonstrates that the proposed 2 ORs are needed in addition to the existing or approved ORs in Wake County.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- 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 #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposes to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

In Section G.2, pages 108, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“The Based on the utilization data listed in Question G.1, the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County, as evidenced by the need methodology in the 2024 SMFP. The State considers the existing and approved acute care hospitals (and corresponding acute care bed capacity) inadequate to meet the projected need in the acute care service area and has determined a need for 70 additional acute care beds in Wake County. As set forth in Section Q, the historical utilization of DUHS’s acute care beds by Wake County residents is evidence of patient choice to utilize DUHS and Duke Health services. As described in Section C.4, DUHS demonstrates the need for the proposed hospital based on demographic data specific to the acute care service area, historical DUHS acute care utilization, and qualitative benefits of the new hospital. Please see Section Q for projected acute care utilization at DGH.*

*As further evidence of the need for additional beds in Wake County, Duke University Hospital in Durham County has a significant annual census of Wake County patients. In FY2023 (July 2022-June 2023), DUH had 6,617 discharges of Wake County patients for a total of 43,600 patient days. Looking only at low acuity patients with a DRG of less than 2.0 (and specifically excluding Normal Newborns, Neonate, OB, Psych, Rehab, and Transplant cases), DUH had 2,798 discharges of Wake County patients, for a total of 13,839 patient days. This reflects an average daily census of 37.9. Including Wake County patients with a DRG less than 3.0 leads to a utilization of 18,452 patient days for an average daily census of 50.6. Duke University Hospital routinely operates well above target occupancy and has not been awarded any additional inpatient capacity despite repeated recent applications for acute care beds.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 41 acute care beds.
- The applicant adequately demonstrates that the proposed 41 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposes to develop no more than three additional ORs pursuant to the need determination in the 2024 SMFP.

In Section G.2, pages 113-114, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved OR services in Wake County. The applicant states,

*“The 2022 [sic] SMFP includes a need determination for two additional operating rooms in Wake County. ... At UNC REX Hospital alone, there is still a need for additional operating room capacity beyond the currently proposed and previously approved projects. As the only tertiary hospital in Wake County that is part of a health system led by a quaternary, academic medical center, UNC REX hospital plays a unique role in Wake County and the surrounding area, including providing a site of care of UNC faculty physicians from multiple specialties, and offering some of the highest acuity care available in the county. No other provider can meet the needs of patients that choose UNC REX hospital.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved operating room services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop three ORs.
- The applicant adequately demonstrates that the proposed ORs are needed in addition to the existing or approved ORs in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section G.2, pages 121-122, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services in Wake County. The applicant states,

*“Based on the utilization data listed in Question G.1, the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County, as evidenced by the need methodology in the 2024 SMFP. The State considers the existing and approved acute care hospitals (and corresponding acute care bed capacity) inadequate to meet the projected need in the acute care service area and has determined a need for 70 additional acute care beds in Wake County.*

DUHS would note that

*“Duke University Hospital in Durham County has a significant annual census of Wake County patients. In FY2023 (July 2022-June 2023), DUH had 6,617 discharges of Wake County patients for a total of 43,600 patient days. Looking only at low acuity patients with a DRG of less than 2.0 (and specifically excluding Normal Newborns, Neonate, OB, Psych, Rehab, and Transplant cases), DUH had 2,798 discharges of Wake County patients, for a total of 13,839 patient days. This reflects an average daily census of 37.9. Including Wake County patients with a DRG less than 3.0 leads to a utilization of 18,452 patient days for an average daily census of 50.6. Duke University Hospital routinely operates well above target occupancy and has not been awarded any additional inpatient capacity despite repeated recent applications for acute care beds.*

...

*The proposed project will not result in unnecessary duplication of existing or approved health service facilities in Wake County. Duke Cary Hospital is already an approved facility and is simply expanding its capacity to meet the projected demand. The additional capacity is needed to meet the historic and projected utilization at DUHS facilities.*

...

*As described in Section C.4, DUHS demonstrates the need for the proposed hospital based on demographic data specific to the acute care service area, historical DUHS acute care utilization, and qualitative benefits. Please see Section Q for projected acute care utilization at DCH.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 41 acute care beds.
- The applicant adequately demonstrates that the proposed 17 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- 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 #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with a total of 12 acute care beds and 1 OR by developing 12 new acute care beds and 1 new OR pursuant to the need determinations in the 2024 SMFP.

In Section G.2, page 120, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care beds services and OR services in Wake County. The applicant states,

*“Based on the utilization data listed in Question G.1, the existing acute care providers do not currently have the capacity to meet the growing need for acute care services in Wake County, as evidenced by the need methodology in the 2024 SMFP. The State considers the existing and approved acute care hospitals (and corresponding acute care bed capacity) inadequate to meet the projected need in the acute care service area and has determined a need for 70 additional acute care beds in Wake County.*

*Duke University Hospital in Durham County has a significant annual census of Wake County patients. In FY2023 (July 2022-June 2023), DUH had 6,617 discharges of Wake County patients for a total of 43,600 patient days. Looking only at low acuity patients with a DRG of less than 2.0 (and specifically excluding Normal Newborns, Neonate, OB, Psych, Rehab, and Transplant cases), DUH had 2,798 discharges of Wake County patients, for a total of 13,839 patient days. This reflects an average daily census of 37.9. Including Wake County patients with a DRG less than 3.0 leads to a utilization of 18,452 patient days for an average daily census of 50.6. Duke University Hospital routinely operates well above target occupancy and has not been awarded any additional inpatient capacity despite repeated recent applications for acute care beds.*

...

*The proposed project will not result in unnecessary duplication of existing or approved health service facilities in Wake County. Generally speaking, patients have a choice in selecting their healthcare provider. The historical utilization of DUHS's acute care beds by Wake County residents is evidence of patient choice to utilize DUHS and Duke Health services. The proposed 12-bed acute care hospital is needed to expand access to the well-utilized DUHS inpatient acute care services*



*and to bring these services closer to DUHS patients living in southern Wake County.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved acute care bed services and OR services in the service area for the following reasons:

- There is a need determination in the 2024 SMFP for 70 acute care beds in the Wake County service area and the applicant proposes to develop 12 acute care beds.
- The applicant adequately demonstrates that the proposed 12 acute care beds are needed in addition to the existing or approved acute care beds in Wake County.
- There is a need determination in the 2024 SMFP for four ORs in the Wake County service area and the applicant proposes to develop one OR.
- The applicant adequately demonstrates that the proposed OR is needed in addition to the existing or approved ORs in Wake County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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.

- (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 Applicants**

#### **Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 97-99, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.2, H.3 and M.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital with 36 acute care beds and 1 OR pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3. In Sections H.2 and H.3, pages 104-109, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit C-4.3, C-6.3, H-2.2, H-2.3 and H-2.4.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 104-106, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibits H.2, H.3 and M.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 103-105, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.2 and H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 100-102, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibits H.2, H.3 and M.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 100-102, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibits H.2, H.3 and M.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh a pursuant to the need determinations in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 105-106, 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.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with 50 new acute care beds and 2 ORs pursuant to the need determinations in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 118-119, 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.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposed to develop 41 new acute care beds at DRAH pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 110-112, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposed to develop 3 new ORs at DRAH pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 115-117, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**



The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 124-126, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital with 12 acute care beds and 1 OR pursuant to the need determination in the 2024 SMFP.

In Section Q, Form H, the applicant provides projected staffing for the proposed services through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 122-124, the applicant describes the methods that will be used to recruit or fill new positions and its existing training and continuing education programs. See Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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.

- (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.

### **Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

#### **Ancillary and Support Services**

In Section I.1, page 100, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 101-102, the applicant explains how each ancillary and support service is or will be 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.

#### **Coordination**

In Section I.2, page 102, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 2, 5, 31, and 37. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital with 36 acute care beds and 1 OR pursuant to the need determination in the 2024 SMFP.

#### **Ancillary and Support Services**

In Section I.1, pages 110-111, the applicant identifies the necessary ancillary and support services for the proposed services. On page 111, the applicant explains how each ancillary

and support service is or will be made available and provides supporting documentation in Exhibit C-1.3, and C-1.5 thru C-1.10. of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 112-116, the applicant describes its existing and proposed relationships with other local health care and social service providers and supporting documentation in Exhibits C-4.1, C-4.2, I-2.1, I-2.2 thru I-2.5. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 107, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 108-109, the applicant explains how each ancillary and support service is or will be 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.

### **Coordination**

In Section I.2, page 109, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation

in Exhibit I-2, pages 2, 5, 31, and 37. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

### **Ancillary and Support Services**

In Section I.1, page 106, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 107-108, the applicant explains how each ancillary and support service is or will be 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.

### **Coordination**

In Section I.2, page 108, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 5, 31 and 37. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

#### **Ancillary and Support Services**

In Section I.1, page 104, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 105-106, the applicant explains how each ancillary and support service is or will be 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.

#### **Coordination**

In Section I.2, page 106, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 2, 5, 31 and 37. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

#### **Ancillary and Support Services**

In Section I.1, page 103, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 104-105, the applicant explains how each ancillary and support service is or will be 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.

#### **Coordination**

In Section I.2, page 105, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2, pages 2, 5, 18 and 24. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determination in the 2024 SMFP for 70 AC beds and 4 ORs in Wake County.

### **Ancillary and Support Services**

In Section I.1, page 107, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 107-108, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 108, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with 50 new acute care beds and 2 ORs pursuant to the need determination in the 2024 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 120, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 120-121, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.



### **Coordination**

In Section I.2, page 121, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2 of the application. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposed to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 113, the applicant identifies the necessary ancillary and support services for the proposed services. On page 113, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit B.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 114, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposed to develop 3 ORs at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 118, the applicant identifies the necessary ancillary and support services for the proposed services. On page 118, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit B.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 119, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh).

#### **Ancillary and Support Services**

In Section I.1, page 127, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 127-128, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

#### **Coordination**

In Section I.2, page 128, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

#### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposed to develop a new acute care hospital with 12 acute care beds and 1 OR pursuant to the need determination in the 2024 SMFP.

### **Ancillary and Support Services**

In Section I.1, page 125, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 125-126, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit B.1 of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I.2, page 126, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides a link to Duke Health's Report on Community Benefit outlining Duke's community investment. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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.

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

NA

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

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

**NA**

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.

**C**  
**All Applications**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 additional ORs beds at WakeMed North pursuant to the need determination in the 2024 SMFP.

In Section K, page 105, the applicant states that the project involves the renovation of 13,125 square feet. Line drawings are provided in Exhibit K.2.

On page 106, and in Exhibits K.3, pages 2 and 4, and Exhibit F.2, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 106, 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.

In Section B, page 31, and in Section K, page 107, and in Exhibit K.3, 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
- Remarks made at the public hearing
- 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with 36 AC beds and 1 OR pursuant to the need determination in the 2024 SMFP.

In Section K, page 119, the applicant states that the project involves constructing 183,548 square feet of new space for a new hospital campus. Line drawings are provided in Exhibit K-1.

On pages 120-122, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.4-1, K.4.2, K.4-3 and K.4-4. The site appears to be suitable for the proposed

new acute care hospital based on the applicant's representations and supporting documentation.

On pages 119-120, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 120, and in Exhibit F-1.1 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.

In Section B, pages 32-34, Exhibit B-21, and in Section K, page 120, 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
- Remarks made at the public hearing
- 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 #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section K, page 112, the applicant states that the project involves the renovation of 2,076 square feet. Line drawings are provided in Exhibit K.2.

On page 113, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 113, 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.

In Section B, page 31, and Exhibit B.21, and in Section K, page 113, and in Exhibits K.2 and K.3, 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
- Remarks made at the public hearing
- 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section K, page 111, the applicant states that the project involves the renovation of 22,000 square feet. Line drawings are provided in Exhibit K.2.

On page 112, and Exhibit F.1 the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 112, 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.

In Section B, page 31, and in Section K, page 113, and in in Exhibit K.3, 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
- Remarks made at the public hearing
- 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

In Section K, page 109, the applicant states that the project involves the renovation of 33,327 square feet. Line drawings are provided in Exhibit K.2.

On page 110, and Exhibits F.2 and K.3, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 110, 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.

In Section B, page 30, Exhibit B.21, and in Section K, page 110, and in Exhibit K.3, 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
- Remarks made at the public hearing
- 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 #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 additional acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

In Section K, page 108, the applicant states that the project involves the renovation of 11,250 square feet. Line drawings are provided in Exhibit K.2.

On page 109, and Exhibits F.1 and F.2, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 109, 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.

In Section B, page 30, Exhibit B.21, and in Section K, page 110, and in Exhibit K.3, 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
- Remarks made at the public hearing
- 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 additional acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determination in the 2024 SMFP.

In Section K, page 111, the applicant states that the project involves the renovation of 14,850 square feet. Line drawings are provided in Exhibit C.1, pages 52-53.

On pages 111-112, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 112, and in Exhibit F.2-2, 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.

In Section B, page 32, and in Section K, page 112, 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
- Remarks made at the public hearing
- 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with 50 AC beds and 2 ORs pursuant to the need determination in the 2024 SMFP.

In Section K, page 124, the applicant states that the project involves the constructing 308,467 square feet of new space for a new hospital campus. Line drawings are provided in Exhibit C.1.

On pages 125-127, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.4-1, K.4-3 and K.4-4. The site appears to be suitable for the proposed new acute care hospital based on the applicant's representations and supporting documentation.

On pages 124-125, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 125, and in Exhibit F.2-2, 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.

In Section B, page 32, and in Section K, page 125, 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
- Remarks made at the public hearing
- 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 #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposes to develop 41 AC beds pursuant to the need determination in the 2024 SMFP.

In Section K, page 117, the applicant states that the project involves the renovation of 19,232 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 118, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 118, 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.

In Section B, page 27, and in Section K, page 118, 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
- Remarks made at the public hearing
- 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposes to develop 3 ORs pursuant to the need determination in the 2024 SMFP.

In Section K, page 122, the applicant states that the project involves the renovation of 513 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 123, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 123, 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.

In Section K, page 123, 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
- Remarks made at the public hearing
- 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposes to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh)

In Section K, page 131, the applicant states that the project involves constructing 45,229 square feet of new space. Line drawings are provided in Exhibit K.2.

On page 132, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 132, 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.

In Section B, pages 27-28, and in Section K, page 132, 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
- Remarks made at the public hearing
- 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 #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposes to develop a new acute care hospital with 12 AC beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

In Section K, page 129, the applicant states that the project involves the constructing 173,720 square feet of new space for a new hospital campus. Line drawings are provided in Exhibit K.2.

On pages 131-132, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.2 and K.4. The site appears to be suitable for the proposed new acute care hospital based on the applicant's representations and supporting documentation.

On page 130, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 130, 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.

In Section B, page 26, and in Section K, page 130, 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
- Remarks made at the public hearing
- 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.

- (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 Rest of the Applications**

**NA**  
**Novant Knightdale**  
**UNC Rex Wake Forest**  
**Duke Cary**  
**Duke Garner**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

In Section L, page 110, the applicant provides the historical payor mix during 10/1/2022 to 9/30/2023 for the facility, as shown in the table below.

**WakeMed North Hospital: Facility**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	5.9%
Charity Care	6.0%
Medicare*	33.8%
Medicaid*	11.0%
Insurance*	45.8%
Other (Workers Comp/Other Govt/3PL)	3.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 110 of the application.  
 \*Including any managed care plans.

In Section L, page 112, the applicant provides the following comparison.



	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	64.2%	50.9%
Male	35.8%	49.1%
Unknown	na	na
64 and Younger	77.5%	87.0%
65 and Older	22.5%	13.0%
American Indian	0.2%	0.8%
Asian	1.9%	8.9%
Black or African American	30.7%	20.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	55.2%	66.6%
Other Race	9.8%	2.8%
Declined / Unavailable	2.0%	na

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

Novant Health Knightdale Medical Center is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

In Section L, page 116, the applicant provides the historical payor mix during 10/1/2022 to 9/30/2023 for the facility, as shown in the table below.

**WakeMed Raleigh Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	6.6%
Medicare*	41.1%
Medicaid*	18.2%
Insurance*	29.7%
Other (Workers Comp/Other Govt/3PL)	4.4%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.  
 \*Including any managed care plans.

In Section L, page 117, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	62.8%	50.9%
Male	37.1%	49.1%
Unknown	0.1%	na
64 and Younger	86.7%	87.0%
65 and Older	13.3%	13.0%
American Indian	0.3%	0.8%
Asian	3.6%	8.9%
Black or African American	25.3%	20.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	54.4%	66.6%
Other Race	10.8%	11.7%
Declined / Unavailable	5.6%	na

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

In Section L, page 116, the applicant provides the historical payor mix during 10/1/2022 to 9/30/2023 for the facility, as shown in the table below.

**WakeMed North Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	5.9%
Medicare*	33.8%
Medicaid*	11.0%
Insurance*	45.8%
Other (Workers Comp/Other Govt/3PL)	3.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.

\*Including any managed care plans.

In Section L, page 118, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	64.2%	50.9%
Male	35.8%	49.1%
Unknown	na	na
64 and Younger	77.5%	87.0%
65 and Older	22.5%	13.0%
American Indian	0.2%	0.8%
Asian	1.9%	8.9%
Black or African American	30.7%	20.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	55.2%	66.6%
Other Race	9.8%	2.8%
Declined / Unavailable	2.0%	na

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

In Section L, page 113, the applicant provides the historical payor mix during 10/1/2022 to 9/30/2023 for the facility, as shown in the table below.

**WakeMed Cary Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	4.3%
Medicare*	44.8%
Medicaid*	6.6%
Insurance*	41.7%
Other (Workers Comp/Other Govt/3PL)	2.6%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 113 of the application.

\*Including any managed care plans.

In Section L, page 115, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	62.2%	50.9%
Male	37.8%	49.1%
Unknown	<0.1%	na
64 and Younger	72.1%	87.0%
65 and Older	27.9%	13.0%
American Indian	0.3%	0.8%
Asian	5.7%	8.9%
Black or African American	20.4%	20.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	62.5%	66.6%
Other Race	9.0%	2.8%
Declined / Unavailable	2.1%	na

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

In Section L, page 113, the applicant provides the historical payor mix during 10/1/2022 to 9/30/2023 for the facility, as shown in the table below.

**WakeMed Raleigh Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	6.6%
Medicare*	41.1%
Medicaid*	18.2%
Insurance*	29.7%
Other (Workers Comp/Other Govt/3PL)	4.4%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 113 of the application.

\*Including any managed care plans.

In Section L, page 115, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	62.8%	50.9%
Male	37.1%	49.1%
Unknown	0.1%	na
64 and Younger	86.7%	87.0%
65 and Older	13.3%	13.0%
American Indian	0.3%	0.8%
Asian	3.6%	8.9%
Black or African American	25.3%	20.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	54.4%	66.6%
Other Race	10.8%	2.8%
Declined / Unavailable	5.6%	na

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

In Section L, page 115, the applicant provides the historical payor mix during 7/1/2022 to 6/30/2023 for the facility, as shown in the table below.

**UNC Rex Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	3.0%
Medicare*	55.8%
Medicaid*	5.9%
Insurance*	33.5%
Other (Includes Workers Comp & TRICARE)	1.8%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 115 of the application.

\*Including any managed care plans.

In Section L, page 116, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	61.8%	51.0%
Male	38.1%	49.0%
Unknown	0.1%	0.0%
64 and Younger	65.4%	86.6%
65 and Older	34.6%	13.4%
American Indian	0.4%	0.8%
Asian	2.7%	9.4%
Black or African American	23.3%	20.6%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	64.2%	66.3%
Other Race	7.1%	2.9%
Declined / Unavailable	2.2%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

UNC Health Rex Wake Forest Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

In Section L, page 121, the applicant provides the historical payor mix during 7/1/2023 to 6/30/2024 for the facility, as shown in the table below.

**Duke Raleigh Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.8%
Charity Care	3.4%
Medicare*	46.8%
Medicaid*	7.9%
Insurance*	38.7%
Workers Compensation	0.2%
TRICARE	1.4%
Other (specify)	0.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 121 of the application.  
 \*Including any managed care plans.

In Section L, page 122, the applicant provides the historical payor mix during 7/1/2023 to 6/30/2024 for Duke Raleigh acute care bed services, as shown in the table below.



**Duke Raleigh Hospital: Acute Care Beds**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	1.4%
Charity Care	2.9%
Medicare*	57.8%
Medicaid*	8.8%
Insurance*	25.6%
Workers Compensation	0.1%
TRICARE	0.8%
Other (specify)	2.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 122 of the application.

\*Including any managed care plans.

In Section L, page 122, the applicant provides the following comparison.

	<b>Percentage of Total Patients Served by the Facility during the Last Full FY</b>	<b>Percentage of the Population of the Service Area</b>
Female	63.4%	51.0%
Male	36.6%	49.0%
Unknown	0%	
64 and Younger	55.3%	86.6%
65 and Older	44.7%	13.4%
American Indian	0.5%	0.8%
Asian	3.2%	9.4%
Black or African American	25.6%	20.6%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	62.5%	66.3%
Other Race	3.9%	2.9% (two or more races)
Declined / Unavailable	4.2%	

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

	Percentage of Total Patients Served by for Acute Care Bed Services during the Last Full FY	Percentage of the Population of the Service Area
Female	53.5%	51.0%
Male	46.5%	49.0%
Unknown	0%	
64 and Younger	46.7%	86.6%
65 and Older	53.3%	13.4%
American Indian	0.6%	0.8%
Asian	1.6%	9.4%
Black or African American	28.7%	20.6%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	61.3%	66.3%
Other Race	3.9%	2.9% (two or more races)
Declined / Unavailable	3.8%	

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

In Section L, page 126, the applicant provides the historical payor mix during 7/1/2023 to 6/30/2024 for the facility, as shown in the table below.

**Duke Raleigh Hospital: Facility**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.8%
Charity Care	3.4%
Medicare*	46.8%
Medicaid*	7.9%
Insurance*	38.7%
Workers Compensation	0.2%
TRICARE	1.4%
Other (specify)	0.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 126 of the application.  
 \*Including any managed care plans.

In Section L, page 127, the applicant provides the historical payor mix during 7/1/2023 to 6/30/2024 for Duke Raleigh surgical services, as shown in the table below.

**Duke Raleigh Hospital: Surgical Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.7%
Charity Care	0.9%
Medicare*	50.0%
Medicaid*	5.3%
Insurance*	39.1%
Other (includes workers comp and all other govt payors)	4.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 127 of the application.  
 \*Including any managed care plans.

In Section L, page 127, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	63.4%	51.0%
Male	36.6%	49.0%
Unknown	0%	
64 and Younger	55.3%	86.6%
65 and Older	44.7%	13.4%
American Indian	0.5%	0.8%
Asian	3.2%	9.4%
Black or African American	25.6%	20.6%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	62.5%	66.3%
Other Race	3.9%	2.9% (two or more races)
Declined / Unavailable	4.2%	

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 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 #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

Duke Cary Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

Duke Garner Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (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 Rest of the Applications**

**NA**

**Novant Knightdale  
UNC Rex Wake Forest  
Duke Cary  
Duke Garner**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 113, the applicant states that it has no obligations under any applicable federal regulation but complies with all other federally mandated regulations related to minorities and handicapped individuals.

In Section L.2b, page 113, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

**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.

**Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

Novant Health Knightdale Medical Center is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

### **Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 119, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2, p5. WakeMed Raleigh accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. See discussion in Policy B.2, and history in L.2 above. WakeMed has a policy for care of persons with Disabilities. For that, see Exhibit C.6, p14.”*

In Section L.2b, page 119, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

**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.

### **Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 119, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2, p2. WakeMed Raleigh accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. See discussion in Policy B.2, and history in L.2 above. WakeMed has a policy for care of persons with Disabilities. For that, see Exhibit C.6, p14.”*

In Section L.2b, page 119, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

**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.

**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 116, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2. WakeMed Raleigh accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. See discussion in Policy B.2, and history in L.2 above. WakeMed has a policy for care of persons with Disabilities. For that, see Exhibit C.6.”*

In Section L.2b, page 116, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

**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.

### **Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 116, the applicant states

*“WakeMed is a non-for-profit, Tax Exempt organization. As such it is required to provide community benefits in exchange for the tax exemption. See discussion of community benefits in Exhibit I.2. WakeMed Raleigh accepts Medicare and Medicaid reimbursement, which makes it subject to EMTALA requirements. WakeMed accepts all patients who present on campus and not only stabilizes but also treats them. See discussion in Policy B.2, and history in L.2 above. WakeMed has a policy for care of persons with Disabilities. For that, see Exhibit C.6.”*

In Section L.2b, page 116, the applicant states that no patient civil rights equal access complaints have been filed against WakeMed in the past 18 months.

**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.

### **Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 117, the applicant states,

*“UNC Health REX Hospital has had no obligations to provide uncompensated care, community service, or access to care by medically underserved, minorities, or handicapped persons during the last three years. However, in order to maintain UNC Health REX 501(c)(3) tax-exempt status, it is necessary to fulfill a general obligation to provide access to healthcare services for all patients needing care, regardless of their ability to pay. UNC Health REX Hospital does this on a routine basis for all patients regardless of referral source.”*



In Section L.2b, page 118, the applicant states that during the 18 months immediately preceding the application deadline, no other patient civil rights access complaints have been filed against UNC Health Rex Hospital.

**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.

**Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

UNC Rex Wake Forest is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, pages 123-124, the applicant states,

*“For information purposes, Duke University Health System hospitals have satisfied the requirements of applicable federal regulations to provide, on an annual basis, a certain amount of uncompensated care in return for Hill Burton funds previously received. Further, they comply with the provisions of section 501(r) of the Internal Revenue Code including provisions requiring a published financial assistance policy, limiting charges to self-pay patients, and periodically conducting a Community Health Needs Assessment. DUHS has no special obligation under applicable Federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons, other than those obligations which apply to private, not-for-profit, acute care hospitals that participate in the Medicare, Medicaid, VA, TRICARE and Title V programs. ... DUHS does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap, or ability to pay. DUHS will continue to have a robust financial assistance policy to provide all 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.”*

In Section L, page 124, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Duke Raleigh Hospital.

**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.

**Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 128, the applicant states,

*“For information purposes, Duke University Health System hospitals have satisfied the requirements of applicable federal regulations to provide, on an annual basis, a certain amount of uncompensated care in return for Hill Burton funds previously received. Further, they comply with the provisions of section 501(r) of the Internal Revenue Code including provisions requiring a published financial assistance policy, limiting charges to self-pay patients, and periodically conducting a Community Health Needs Assessment. DUHS has no special obligation under applicable Federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons, other than those obligations which apply to private, not-for-profit, acute care hospitals that participate in the Medicare, Medicaid, VA, TRICARE and Title V programs. ... DUHS does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap, or ability to pay. DUHS will continue to have a robust financial assistance policy to provide all 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.”*

In Section L, page 129, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Duke Raleigh Hospital.

**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.

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

Duke Cary is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

Duke Garner is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

- (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 Applicants**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

In Section L.3, page 114, the applicant projects the following payor mix for the proposed operating room services during third full fiscal year [10/1/2028 to 9/30/2029] of operation following completion of the project, as shown in the table below.

**WakeMed North Hospital: Operating Rooms**

Payor Category	Percentage of Total Patients Served
Self-Pay	4.3%
Medicare*	36.9%
Medicaid*	4.4%
Insurance*	51.8%
Other (Workers Comp/Other Govt/3PL)	2.6%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 114 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 4.3% of operating room services will be provided to self-pay patients, 36.9% to Medicare patients and 4.4% to Medicaid patients.

In Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on historical payor mix (FY 2024) at WakeMed North.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

In Section L.3, page 126, the applicant projects the following payor mix for inpatient services and outpatient surgical services during third full fiscal year [1/1/2032 to 12/31/2032] of operation following completion of the project, as shown in the table below.

**Novant Knightdale: Inpatient Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	8.06%
Charity Care	
Medicare*	50.23%
Medicaid*	14.15%
Insurance*	24.71%
Workers Compensation	0.19%
TRICARE	0.00%
Other (Champus, Other Non-Federal, Other Federal)	2.66%
<b>Total</b>	<b>100.00%</b>

Source: Table on page 126 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 8.06% of inpatient services will be provided to self-pay patients, 50.23% to Medicare patients and 14.15% to Medicaid patients.

**Novant Knightdale: Outpatient Surgical Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	5.10%
Charity Care	
Medicare*	32.85%
Medicaid*	13.35%
Insurance*	45.70%
Workers Compensation	0.76%
TRICARE	
Other (specify)	2.23%
<b>Total</b>	<b>100.00%</b>

Source: Table on page 126 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 5.10% of outpatient surgical services will be provided to self-pay patients, 32.85% to Medicare patients and 13.35% to Medicaid patients.

On pages 126-127, the applicant provides the assumptions and methodology used to project payor mix for inpatient services and outpatient surgical services and non-surgical outpatient services during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

*“The NH Knightdale has based its payor mix on service area patients seen at area hospitals and expects the patients who in-migrate from outside of the service area will have a similar payor mix. NH Knightdale expects the payor mix for its patients to remain the same in future years as they have been historically.*

*Inpatient payor mix was determined by calculating the payor mix of service area residents' discharges from Wake, Nash and Johnston County acute care hospitals in the LAC MS DRG set. In order to have the payor mix reflect the projected market share shift in discharges in the primary (20% shift) and secondary (10% shift) service areas, the Applicants determined the number of appropriate discharges in the primary service area by payor and then multiplied them by 0.2. This was then added to the number of secondary discharges by payor multiplied by 0.1. The total resulting discharges by payor were then calculated as the percentage of total.*

*Outpatient surgical payor mix was determined by calculating the payor mix of outpatient visits with an OR flag in the 2023 HIDI data by payor at Wake, Nash, and Johnston County acute care hospitals among service area residents. The analysis excluded services that are not projected to be served at NH Knightdale. These include mammography, infusion, physician office visits, pre- and post-natal visits, cardiac rehab, sleep study, athletic training, PET scans, cardiac catheterization, eye surgery and hospital-based outpatient rehabilitation (see Exhibit L-3 for a list of exclusions).*

*Outpatient non-surgical payor mix was determined using the same method as described in the paragraph above, but for outpatients without an OR flag in the HIDI data.*

*Total hospital payor mix is a weighted average of the payor mix for the three service components, using year three (CY 2032) patients as the weighting factor. It was calculated by multiplying the number of year three patients by service line (See Section C, Question 3) by payor for each service line to determine total patients by payor in each service line. Next, patients across all three service lines were summed by payor to arrive at total facility patients by payor. Finally, the number of total facility patients in each payor category was divided by total patients to arrive at total facility payor mix.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

In Section L.3, page 120, the applicant projects the following payor mix for the proposed operating room services during third full fiscal year [10/1/2027 to 9/30/2028] of operation following completion of the project, as shown in the table below.

**WakeMed Raleigh Hospital: Operating Rooms**

Payor Category	Percentage of Total Patients Served
Self-Pay	6.0%
Medicare*	40.5%
Medicaid*	15.7%
Insurance*	33.6%
Other (Workers Comp/Other Govt/3PL)	4.2%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 120 of the application.  
 \*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.0% of operating room services will be provided to self-pay patients, 40.59% to Medicare patients and 15.7% to Medicaid patients.

In Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on the historical patient population payor mix (FY 2023) at WakeMed Raleigh.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

### **Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

In Section L.3, page 120, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [10/1/2029 to 9/30/2030] of operation following completion of the project, as shown in the table below.

#### **WakeMed North Hospital: Acute Care Beds**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	4.6%
Medicare*	40.2%
Medicaid*	11.9%
Insurance*	41.0%
Other (Workers Comp/Other Govt/3PL)	2.3%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 120 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 4.6% of acute care bed services will be provided to self-pay patients, 40.2% to Medicare patients and 11.9% to Medicaid patients.

In Section L, page 120 and in Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on historical payor mix (FY 2024) at WakeMed North, the aging of the population and the impact of Medicaid expansion in the catchment area.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

In Section L.3, page 117, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [10/1/2028 to 9/30/2029] of operation following completion of the project, as shown in the table below.

**WakeMed Cary Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	3.7%
Medicare*	45.2%
Medicaid*	6.9%
Insurance*	41.6%
Other (Workers Comp/Other Govt/3PL))	2.6%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 117 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.7% of acute care bed services will be provided to self-pay patients, 45.2% to Medicare patients and 6.9% to Medicaid patients.

In Section 3, page 117 and in Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on historical payor mix (FY 2024) at WakeMed Cary, the aging of the population and the impact of Medicaid expansion in the catchment area.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

In Section L.3, page 117, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [10/1/2028 to 9/30/2029] of operation following completion of the project, as shown in the table below.

**WakeMed Raleigh Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	6.3%
Medicare*	39.6%
Medicaid*	22.0%
Insurance*	28.4%
Other (Workers Comp/Other Govt/3PL)	3.7%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 117 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 6.3% of acute care bed services will be provided to self-pay patients, 39.6% to Medicare patients and 22.0% to Medicaid patients.

In Section L, page 117 and in Section Q, proformas, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it's based on historical payor mix (FY 2023) at WakeMed Raleigh, the aging of the population and the impact of Medicaid expansion in the catchment area.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

In Section L.3, page 118-119, the applicant projects the following payor mix for the proposed acute care beds and operating rooms during third full fiscal year [7/1/2028 to 6/30/2029] of operation following completion of the project, as shown in the table below.

**UNC Rex Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	2.5%
Medicare*	62.5%
Medicaid*	8.2%
Insurance*	21.6%
Other (Includes Workers Comp & TRICARE)	5.2%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 119 of the application.  
 \*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.5% of acute care bed services will be provided to self-pay patients, 62.5% to Medicare patients and 8.2% to Medicaid patients.

**UNC Rex Hospital: Operating Rooms**

Payor Category	Percentage of Total Patients Served
Self-Pay	1.4%
Medicare*	36.7%
Medicaid*	19.4%
Insurance*	40.7%
Other (Includes Workers Comp & TRICARE)	1.8%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 119 of the application.  
 \*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.4% of surgical services will be provided to self-pay patients, 36.7% to Medicare patients and 19.4% to Medicaid patients.

On page 118, the applicant provides the assumptions and methodology used to project payor mix for both acute care bed services and operating rooms during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because for inpatient services (including inpatient surgery) it is based on the historical payor mix for UNC

Rex Hospital’s acute care beds and for outpatient surgery it is based on payor sources, as reported by Truven, of the residents from the primary geographic service area receiving those services. The applicant also adjusted for the expected impact of Medicaid expansion.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

In Section L.3, pages 132-133, the applicant projects the following payor mix for inpatient services (including inpatient surgery) and outpatient surgery during third full fiscal year [7/1/2032 to 6/30/2033] of operation following completion of the project, as shown in the table below.

**UNC Health Rex Wake Forest: Inpatient Services**

Payor Category	Percentage of Total Patients Served
Self-Pay	1.4%
Medicare*	31.4%
Medicaid*	36.6%
Insurance*	26.0%
Other (Includes Workers Comp & TRICARE)	4.6%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 132 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.4% of inpatient services will be provided to self-pay patients, 31.4% to Medicare patients and 36.6% to Medicaid patients.

**UNC Health Rex Wake Forest: Outpatient Surgery & Outpatient Procedure Rooms**

Payor Category	Percentage of Total Patients Served
Self-Pay	2.4%
Medicare*	41.9%
Medicaid*	6.7%
Insurance*	46.8%
Other (Includes Workers Comp & TRICARE)	2.2%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 133 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.4% of outpatient surgery and outpatient procedure room services will be provided to self-pay patients, 41.9% to Medicare patients and 6.7% to Medicaid patients.

On pages 131-132, the applicant provides the assumptions and methodology used to project payor mix for both inpatient services and outpatient surgery during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because:

*“Projected payor sources for Inpatient Services (Including Inpatient Surgery), are based on payor sources of acuity appropriate patients in the primary geographic service area who are currently receiving services at UNC Health Rex Hospital, as described in Form C Assumptions and Methodology. Projected payor sources for Outpatient Surgery and Outpatient Procedure Rooms and Emergency Department (Outpatient Only, No Admits) are based on payor sources of primary geographic service area residents receiving these services as reported by Truven. Projected payor sources for Outpatient Imaging are based on the patients from Outpatient Surgery and Outpatient Procedure Rooms and Emergency Department (Outpatient Only, No Admits) service categories, as these will be the patients generating the need for Outpatient Imaging.*

*With the expansion of Medicaid coverage in North Carolina, the Medicaid portion of payor mix for the proposed services and facility is expected to increase in the coming years. Based on what is known to date, it is expected that the increase in percentage of Medicaid patients will come primarily from those that are currently classified as Self-Pay. While many if not most of these patients may qualify for Medicaid, UNC Health Rex conservatively projects a 21 percent shift from Self-Pay to Medicaid for hospital-based services at UNC Health Rex Wake Forest Hospital.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

In Section L.3, page 125, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [7/1/2030 to 6/30/2031] of operation following completion of the project, as shown in the table below.

**Duke Raleigh Hospital: Acute Care Beds**

Payor Category	Percentage of Total Patients Served
Self-Pay	1.0%
Charity Care	2.9%
Medicare*	58.6%
Medicaid*	9.2%
Insurance*	24.8%
Workers Compensation	0.1%
TRICARE	0.8%
Other (specify)	2.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 125 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of acute care bed services will be provided to self-pay patients, 2.9% to charity care patients, 58.6% to Medicare patients and 9.2% to Medicaid patients.

On page 126, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The applicant states:

*“The facility payor mix is based on the FY2024 payor mix at DRAH. The payor mix remains consistent with DRAH FY24 inpatient experience for all inpatient*

*discharges with the exception of a 3% adjustment from the commercial volume to Medicare to reflect the anticipated aging of the population based on an age analysis of the existing DRAH inpatient population, and a one-time adjustment of 32% from self-pay to Medicaid managed care as a result of Medicaid expansion. Average gross revenue per patient held constant through third project year.”*

The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for acute care beds at DRAH.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

In Section L.3, page 130, the applicant projects the following payor mix for the proposed operating room services during third full fiscal year [7/1/2031 to 6/30/2032] of operation following completion of the project, as shown in the table below.

**Duke Raleigh Hospital: Operating Rooms**

Payor Category	Percentage of Total Patients Served
Self-Pay	0.5%
Charity Care	0.9%
Medicare*	50.5%
Medicaid*	5.5%
Insurance*	38.5%
Workers Compensation	0.3%
TRICARE	1.6%
Other (specify)	2.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 130 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.5% of acute care bed services will be provided to self-pay patients, 0.9% to charity care patients, 50.5% to Medicare patients and 5.5% to Medicaid patients.

On page 129, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The applicant states:

*“The facility payor mix is based on the FY2024 payor mix at DRAH. The payor mix remains consistent with DRAH FY24 inpatient experience for all surgical patients with the exception of a 1.9% adjustment from the commercial volume to Medicare to reflect the anticipated aging of the population based on an age analysis of the existing DUHS surgical patient population, and a one-time adjustment of 32% from self-pay to Medicaid managed care as a result of Medicaid expansion based on existing DRAH population.”*

The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for acute care beds at DRAH.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

### **Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

In Section L.3, page 139, the applicant projects the following payor mix for the proposed acute care bed services during third full fiscal year [7/1/2031 to 6/30/2032] of operation following completion of the project, as shown in the table below.



**Duke Raleigh Hospital: Acute Care Beds (IP Medical and ED)**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	5.5%
Medicare*	45.6%
Medicaid*	12.6%
Insurance*	34.3%
Workers Compensation	0.1%
TRICARE	0.2%
Other (other govt payors)	1.7%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 139 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 5.5% of acute care bed services will be provided to self-pay patients, 45.6% to Medicare patients and 12.6% to Medicaid patients.

On page 138, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The applicant states:

*“The projected payor mix for each service component is based on DUHS patients from the DCH catchment area for FY 2024. The projections reflect an anticipated shift of 2.0% of private insurance patients to Medicare in FY 2025 to reflect the anticipated gaining of the population and resulting utilization patterns of acute care services. Additionally, there is a one-time adjustment of 33.0% coverage shift from Self-pay into Medicaid managed care in FY 2025 to reflect the enactment of Medicaid expansion.”*

The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix of DUHS patients from the DCH (Duke Cary) catchment area for FY 2024 (with certain adjustments).

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 based on the reasons stated above.

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

In Section L.3, pages 136-137, the applicant projects the following payor mix for acute care beds (IP Medical and ED), inpatient surgery and outpatient surgery during third full fiscal year [7/1/2030 to 6/30/2031] of operation following completion of the project, as shown in the table below.

**Duke Garner Hospital: Acute Care Beds (IP Medical and ED)**

Payor Category	Percentage of Total Patients Served
Self-Pay	5.9%
Charity Care	
Medicare*	40.9%
Medicaid*	10.5%
Insurance*	40.3%
Workers Compensation	0.2%
TRICARE	0.2%
Other (specify)	2.0%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 136 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 5.9% of acute care bed services will be provided to self-pay patients, 40.9% to Medicare patients and 10.5% to Medicaid patients.

**Duke Garner Hospital: IP Surgical**

Payor Category	Percentage of Total Patients Served
Self-Pay	2.1%
Charity Care	
Medicare*	44.1%
Medicaid*	5.5%
Insurance*	44.0%
Workers Compensation	0.4%
TRICARE	0.8%
Other (specify)	3.1%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 137 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.1% of inpatient surgical services will be provided to self-pay patients, 44.1% to Medicare patients and 5.5% to Medicaid patients.

**Duke Garner Hospital: OP Surgical**

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	2.2%
Charity Care	
Medicare*	45.1%
Medicaid*	2.9%
Insurance*	45.1%
Workers Compensation	1.0%
TRICARE	1.0%
Other (specify)	2.7%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 137 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.2% of outpatient surgical services will be provided to self-pay patients, 45.1% to Medicare patients and 2.9% to Medicaid patients.

On page 136, the applicant provides the assumptions and methodology used to project payor mix for acute care bed services, inpatient surgical services and outpatient surgical services during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

*“The projected payor mix for each service area component is based on DUHS patients from the DGH catchment area for FY 2024. The projections reflect an anticipated shift of 2.0% of private insurance patients to Medicare in FY 2025 to reflect the anticipated gaining [sic] of the population and resulting utilization patterns of acute care services. Additionally, there is a one-time adjustment of 33.0% coverage shift from Self-pay into Medicaid in FY 2025.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- 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 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 #J-12533-24/ WakeMed North/ Develop 2 ORs**

In Section L.5, pages 116-117, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

#### **Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

In Section L.5, page 130, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

In Section L.5, pages 122-123, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

In Section L.5, pages 122-123, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

In Section L.5, pages 119-121, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

In Section L.5, pages 119-120, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

In Section L.5, page 120, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

In Section L.5, page 135, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

In Section L.5, page 127, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

In Section L.5, page 131, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

In Section L.5, page 141, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

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

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

In Section L.5, page 139, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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.



**All Applications.** In Section M, the applicants describe the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provide supporting documentation in the referenced exhibits.

The Agency reviewed the:

- Applications
- Exhibits to the applications

Based on that review, the Agency concludes that all of the applicants adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, all of the applications are conforming to this criterion.

- (15) Repealed effective July 1, 1987.
  - (16) Repealed effective July 1, 1987.
  - (17) Repealed effective July 1, 1987.
  - (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

## C

### The Rest of the Applications

## NC

### Novant Knightdale

The 2024 SMFP includes a need determination for 70 acute care beds in the Wake County service area.

**Acute Care Beds.** The 2024 SMFP defines the service area for acute care hospital beds on page 31 as “...*the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

2024 Wake County Acute Care Bed and OR Review

Project ID #'s J-12533-24, J-12534-24, J-12535-24, J-12536-24, J-12537-24, J-12538-24, J-12542-24, J-12543-24, J-12546-24, J-12547-24, J-12548-24, J-12549-24

There are 1,509 existing and approved acute care beds in Wake County plus the 44 acute care beds from the 2023 SMFP need determination. Four applications were received in 2023 proposing development of those 44 AC beds. The Agency issued a decision, however that decision is currently under appeal so those 44 acute care beds will not be allocated to any of the applicants until that appeal is resolved. There are eight hospital campuses (existing and/or approved) in the Wake County service area that are divided between three health systems. The hospital campuses with acute care beds allocations are listed in the following table.

	Licensed Acute Care Beds	Adjustments for CONs/Previous Need Determinations	Total All Beds
Duke Raleigh Hospital	204	(-40)	164
Duke Cary Hospital*	0	40	40
<b>Total: Duke Health System</b>	<b>204</b>	<b>0</b>	<b>204</b>
UNC Rex Hospital	418	18	436
UNC Rex Holly Springs Hospital	50	0	50
<b>Total: UNC Rex Health System*</b>	<b>468</b>	<b>18</b>	<b>486</b>
WakeMed Raleigh Campus	519	20	539
WakeMed Raleigh Campus		(-22)	(-22)
Total: WakeMed Raleigh			517
WakeMed North Hospital	55	16	71
WakeMed Garner Hospital		31	31
WakeMed Cary Hospital	200	0	200
<b>Total: WakeMed Health System**</b>	<b>774</b>	<b>45</b>	<b>819</b>
<b>2023 NEED DETERMINATION</b>	<b>0</b>	<b>44</b>	<b>44</b>
<b>Total: Wake County Service Area Total with 2023 Need Determination</b>	<b>1,446</b>	<b>107</b>	<b>1553</b>

**Source:** Table 5A, 2024 SMFP, pages 43; 2024 Hospital License Renewal Applications (LRAs); and project approval data.

\*DUHS was originally approved to develop a separately licensed acute care hospital, Duke Green Level Hospital (Project ID#J-12029-21), by relocating 40 AC beds from Duke Raleigh. The proposed hospital has been renamed Duke Cary Hospital. In addition, once developed Duke Cary Hospital will operate as a hospital campus under the Duke Raleigh Hospital License and not as a separately licensed hospital.

\*\*UNC Rex Health System has two hospitals operating under the same license. UNC Rex Hospital was approved to develop 18 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12258-22).

\*\*\*WakeMed was approved to develop a new acute care hospital with 31 AC beds, WakeMed Garner Hospital, by relocating 22 AC beds from WakeMed Raleigh and developing 9 new AC beds pursuant to the 2022 SMFP Need Determination for 45 AC beds in Wake County (See Project ID#J-12264-22). In addition, WakeMed Raleigh has approval to develop 20 additional AC beds per Project ID# J-10165-13 (reconvert 20 nursing facility beds to acute care beds) and WakeMed North has approval to develop 16 additional AC beds per Project ID# J-10166-13 (reconvert 16 nursing facility beds to acute care beds). Project ID# J-10165-13 at WakeMed Raleigh was completed and offering services as of April 1, 2023. Project ID# J-10166-13 at WakeMed North was completed and offering services as of June 28, 2023.

**Operating Rooms.** On page 47, the 2024 SMFP defines the service area for OR as “*single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 53, shows Wake County is a single county operating room service area. Thus, the service area for the facilities in this review is the Wake County service area. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved inpatient (IP), outpatient (OP), and shared ORs located in Wake County, and the inpatient and outpatient case volumes for each provider, from pages 64-65 and pages 77-78 of the 2024 SMFP.

**Wake County Operating Room Inventory and Cases**

	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Adjusted Planning Inventory	IP Surgery Cases	OP Surgery Cases
Duke Cary Hospital	0	0	0	0	2	2	0	0
Duke Health Green Level ASC	0	0	0	0	1	1	0	0
Duke Health Garner ASC	0	0	0	0	1	1	0	0
Duke Health Raleigh ASC	0	0	0	0	1	1	0	0
Duke Raleigh Hospital	0	0	15	0	-3	12	2,644	8,193
<b>Duke University Health System Total</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>2</b>	<b>17</b>		
Orthopaedic Surgery Center of Garner	0	0	0	0	1	1	0	0
Rex Surgery Center of Cary	0	4	0	0	0	4	0	3,695
Raleigh Orthopedic Surgery Center	0	3	0	0	1	4	0	2,787
Rex Surgery Center of Wakefield	0	2	0	0	0	2	0	1,908
Raleigh Orthopedic Surgery-West Cary	0	1	0	0	0	1	0	355
UNC Rex Hospital (incl. UNC Rex Holly Springs)	4	0	27	-4	1	28	6,635	14,143
<b>UNC Health Care System Total</b>	<b>4</b>	<b>10</b>	<b>27</b>	<b>-4</b>	<b>3</b>	<b>40</b>		
WakeMed Garner Hospital	0	0	0	0	2	2	0	0
WakeMed Surgery Center-Cary	0	0	0	0	1	1	0	0
WakeMed Surgery Center-North Raleigh	0	0	0	0	1	1	0	0
Capital City Surgery Center	0	7	0	0	-1	6	0	6,938
WakeMed (incl. WakeMed North)	8	0	20	-5	0	23	8,712	14,194
WakeMed Cary Hospital	2	0	9	-2	1	10	2,643	4,500
<b>WakeMed System Total</b>	<b>10</b>	<b>7</b>	<b>29</b>	<b>-7</b>	<b>4</b>	<b>44</b>		
OrthoNC ASC	0	1	0	0	0	1	0	40
RAC Surgery Center	0	1	0	0	0	1	0	2,126
Raleigh Endoscopy Center – Holly Springs	0	0	0	0	0	0	0	0
Raleigh Neurological and Spine Surgery Center	0	1	0	0	0	1		213
Surgical Center for Dental Professionals*	0	2	0	0	0	2	0	1,079
Blue Ridge Surgery Center	0	6	0	0	0	6	0	6,431
Raleigh Plastic Surgery Center	0	1	0	0	0	1	0	419
Valleygate Surgery Center	0	0	0	0	1	1	0	0
Triangle Surgery Center	0	3	0	0	1	4	0	3,145
Holly Springs Surgery Center	0	3	0	0	0	3	0	2,242
<b>Total ASC</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>20</b>		
<b>Total Wake County ORs</b>	<b>14</b>	<b>35</b>	<b>71</b>	<b>-11</b>	<b>11</b>	<b>122</b>		

Source: 2024 SMFP, Table 6A and Table 6B.

\*Ambulatory surgery demonstration project included in the inventory but not included in the need determination calculations.

As the table above indicates, there are eight existing or approved hospitals in Wake County (Duke Raleigh Hospital, Duke Cary Hospital, UNC Rex Hospital, UNC Rex Holly Springs Hospital, WakeMed Raleigh, WakeMed North, WakeMed Cary and WakeMed Garner) with a total adjusted planning inventory of 77 ORs. There are 20 existing or approved ambulatory surgery facilities in Wake County with a total adjusted planning inventory of 44 ORs. The 2024 SMFP shows a need for four additional ORs for the Wake County service area.

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

The applicant proposes to develop 2 new ORs at WakeMed North pursuant to the need determination in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 121, the applicant states:

*“The proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate six acute care hospitals and four stand-alone emergency departments. ... As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 122, the applicant states:

*“Capital costs for this project are conservatively estimated to allow for what could happen in the hospital construction industry. Even so, the project can virtually double WakeMed North’s surgical capacity without the fixed and working capital expense associated with developing a new surgery department or a new hospital.”*

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

Regarding the impact of the proposal on quality, in Section N, page 123, the applicant states:

*“The project will become part of the existing Surgery Department at WakeMed North and will be incorporated in the WakeMed Quality Assurance Plan and Performance Improvement program. A copy of the 2024 Quality Assurance and Performance Improvement Plan is included in Exhibit B.20, p9. The proposed project will operate as part of WakeMed North. This automatically subjects it to Joint Commission quality standards.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 124, the applicant states:

*“Enhancing access to healthcare services is an important part of the WakeMed mission that drives WakeMed to ensure that the healthcare needs of the service area community are effectively addressed. To this end, WakeMed has developed and strictly implements several policies with a singular goal to enhance access to high quality care for the medically underserved populations of the service area. Discussed in detail in response to Section C, Question 6.*

*This extends to geographic access as well as the other less easily measured elements of access that relate to social determinants of health. WakeMed North, like all facilities in the WakeMed system, does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit B.20, p39 for WakeMed's Non-Discrimination Statement and Exhibit C.6, p14 for WakeMed's Americans with Disabilities (ADA) Policy and Financial Assistance Policy. Moreover, WakeMed as a System devotes significant resources to access for medically underserved populations. Its program was recently recognized as a state leader by the North Carolina Healthcare Association and the White House and Department of Defense are looking at ways to incorporate lessons learned from WakeMed's whole person approach to other national programs."*

See also Section L and C 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

**Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

The applicant proposed to develop a new acute care bed hospital with 36 AC beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 132, the applicant states:

*“Approval of NH Knightdale will give Wake County residents, health plans, and physicians access to a fourth major North Carolina health system. The main effects of competition will occur in the eastern part of Wake County and in the adjacent counties due to improved geographic access to community hospital services and emergency services. Novant Health’s quality of care is at least equal to that provided by the existing three hospitals and its rates will be competitive with those in the Triangle market. Novant Health’s entry in the Triangle market will give health plans slightly increased bargaining power with the existing systems, with the effect of Novant Health’s presence increasing over time as NH Knightdale and the associated physician practices become established and grow.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 132-133, the applicant states:

*“NH Knightdale will be a community hospital and will not bear the cost of tertiary services that are provided at the current Wake County health systems. Without these costs, NH Knightdale will deliver community hospital services at a lower cost. The new hospital will also make the EMS services in its zip code service area more cost effective by reducing delays for EMS in transferring patients to a hospital ED.*

*The hospital will be cost-effective for physicians performing surgical and non-surgical procedures and attending medical patients. They will not have to navigate the large existing hospitals and will be better able to schedule block time and avoid being bumped by unscheduled procedures. By having hospitalists, intensivists, and telemedicine access to specialists, Novant Health will increase the efficiency of on-site physicians and improve their ability to have continuity of care, which reduces the total cost of care.”*

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

Regarding the impact of the proposal on quality, in Section N, page 134, the applicant states:

*“Quality at NH is derived from its commitment to excellence in all aspects of care throughout the healthcare system. Highly skilled and compassionate teams provide high-quality care at the organization, using advanced technology, treatment protocols, and carefully outlined safety and quality assurance standards based on the tenets that care is patient-centered, safe, timely, effective, efficient, and equitable.*

*NH strives to deliver high-quality care in every facility and service line. NH has an ongoing commitment to identify opportunities for improvement, accomplish change, and work together to reduce risks to patients and improve outcomes. NH Knightdale follows NH’s policies and methods to reduce risks and improve outcomes for patients. See NH’s Mission, Vision, and Values (Exhibit O-2.1) and policy on Medical Review Committees (Exhibit O-2.2).”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 136, the applicant states:

*“As previously stated, NH 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. NH’s financial assistance policy will apply to the proposed services.*

*Section L.3 includes payor mix projections that demonstrate NH’s commitment to ensuring access for medically underserved patients at NH Knightdale.”*

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

However, the applicant does not adequately demonstrate the proposal would have a positive impact on cost-effectiveness because the applicant does not adequately demonstrate that:

- 1) The proposal is cost effective because the applicant did not adequately demonstrate: 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. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference.

## **Conclusion**

The Agency reviewed the:



- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- 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 not conforming to this criterion based on all the reasons described above.

### **Project ID#J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

The applicant proposes to develop 2 ORs at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

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

*“The project will enable WakeMed to compete with other surgery providers in Wake County and with tertiary centers in adjacent Durham and Orange Counties. Data in Table 6B of both the 2024 and Proposed 2025 State Medical Facilities Plan show that WakeMed ORs are functioning well beyond capacity. The Proposed 2025 SMFP shows WakeMed (License No. H0199) operating at a deficit of 9.66 operating rooms in 2027 and the 2024 SMFP shows it operating at a deficit of 10 operating rooms in 2026.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 128, the applicant states:

*“The proposed project involves no financing cost and no expansion of ancillary services or utility infrastructure. Construction, design and equipment costs are limited to the proposed operating rooms, small sub sterile support and replacement of an unused PACU with four functional pre/post anesthesia bays. Because the project will enable WakeMed Raleigh Campus to offer more surgical procedures and because, as demonstrated in Sections C.4 and Q, the need and demand exist and will sustain, the project will contain the unit cost of providing surgery at WakeMed Raleigh Campus.”*

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

Regarding the impact of the proposal on quality, in Section N, page 128, the applicant states:

*“The project will become part of the existing Surgery Department at WakeMed Raleigh Campus and will be incorporated in the WakeMed Raleigh Quality Assurance Plan and*

*Performance Improvement program. A copy of the 2024 Quality Assurance and Performance Improvement Plan is included in Exhibit B.20, p9. The proposed project will operate as part of WakeMed Raleigh Campus. This automatically subjects it to Joint Commission quality standards.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 129-130, the applicant states:

*“Enhancing access to healthcare services is an important part of the WakeMed mission that drives WakeMed to ensure that the healthcare needs of the service area community are effectively addressed. To this end, WakeMed has developed and strictly implements several policies with a singular goal to enhance access to high quality care for the medically underserved populations of the service area. Discussed in detail in response to Section C, Question 6.*

*This extends to geographic access as well as the other less easily measured elements of access that relate to social determinants of health. WakeMed Raleigh, like all facilities in the WakeMed system, does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit B.20, p38 for WakeMed’s Non-Discrimination Statement and Exhibit C.6, p14 for WakeMed’s Americans with Disabilities (ADA) Policy and Financial Assistance Policy.*

*WakeMed Raleigh is the community hospital for ZIP Code 27610, which has the highest concentration of medically underserved groups in Wake County.”*

See also Section L and C 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

The applicant proposes to develop 25 new acute care beds at WakeMed North pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12419-23 (develop 35 acute care beds at WakeMed North pursuant to the need determination for 44 AC beds in the 2023 SMFP).

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

*“The proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate six acute care hospitals and four stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 127-128, the applicant states:

*“The project involves build-out of new construction that the Agency previously recommended for approval and addresses the problem of a severe shortage of acute care inpatient bed capacity in Wake County and, in particular, within the WakeMed System by locating 25 additional beds in a facility that has ancillary and support infrastructure in place to support them. The proposed bed tower design and construction associated with Project No. J-12419-23 is efficient and allows for some future expansion. This proposed*

*addition of 25 acute care beds will spread fix [sic] infrastructure cost efficiently and reduce the unit cost of all services at WakeMed North. Because WakeMed North is the only acute care hospital north of the Interstate 540 Outer Loop, patients and families will have savings on travel, transportation, and logistics costs.*

*The proposal is cost effective for the community, as well, because it will not require expansion of community water, sewers, or transportation infrastructure.”*

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

Regarding the impact of the proposal on quality, in Section N, page 128, the applicant states:

*“The proposed project will be part of WakeMed’s total quality program. Systems for Joint Commission accreditation and CMS certification are in place. A copy of the 2024 Quality Assurance and Performance Improvement Plan is included in Exhibit B.20, p9.*

*Moreover, in its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services (see Section B Question 20 for a detailed list and discussion). Most recently, WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 128, the applicant states:

*“Because WakeMed is CMS certified, the proposed beds will be accessible to Medicare and Medicaid beneficiaries as soon as they are licensed. Similarly, underinsured and uninsured persons will have immediate access to WakeMed’s generous charity policy. Contracts with insurance programs are in place. Patients will not need to wait.*

*Cultural access programs described in Exhibit C.6, p2 are in place and will be available as soon as beds are licensed.”*

See also Section L and C 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

The applicant proposes to develop 24 new acute care beds at WakeMed Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID# J-12418-23 (develop 9 acute care beds at WakeMed Cary pursuant to the need determination for 44 AC beds in the 2023 SMFP).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 124, the applicant states:

*“WakeMed expects that the proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate five acute care hospitals and four stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 124, the applicant states:

*“The proposed project will spread fixed overhead associated with WakeMed Cary acute care beds over more patient days. Forecast of methodology and assumptions for patient days is documented in Section Q of this application. The beds will be located in a community hospital on a community hospital license which has lower billing rates than academic medical centers west of Wake County in Durham and Orange Counties.*

*The project involves minimal capital cost because it can be accomplished with relatively minor changes to existing unprogrammed space. Because the construction requirements are minimal, the project can be in service in 2026, the target year associated with the Wake County Need Projection in the 2024 SMFP.”*

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

Regarding the impact of the proposal on quality, in Section N, page 125, the applicant states:

*“The proposed beds will automatically participate in all WakeMed quality programs and will be subject to third party oversight by NC Hospital Licensure and CMS Certification programs.*

*A copy of the 2024 Quality Assurance and Performance Improvement Plan is included in Exhibit B.20, p9.*

*In its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services (see Section B Question 20 for a detailed list and discussion). Most recently, WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 125, the applicant states:

*“Enhancing access to healthcare services is an important mission that drives WakeMed to ensure that the healthcare needs of the service area community are effectively addressed. To this end, WakeMed has developed and strictly implements several policies with a singular goal to enhance access to high quality care for the medically underserved populations of the service area. Discussed in detail in response to Section C, Question 6, and above in subsection 2) of this question.*

*Enhancing access to healthcare services is an important mission that drives WakeMed to ensure that the healthcare needs of the service area community are effectively addressed. To this end, WakeMed has developed and strictly implements several policies with a*

*singular goal to enhance access to high quality care for the medically underserved populations of the service area. Discussed in detail in response to Section C, Question 6.*

*WakeMed Cary, like all facilities in the WakeMed system, does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit B.20, p39 for WakeMed's Non-Discrimination Statement and Exhibit C.6, p14 for WakeMed's Americans with Disabilities (ADA) Policy and Financial Assistance Policy."*

See also Section L and C 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

**Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

The applicant proposes to develop 21 new acute care beds at WakeMed Raleigh pursuant to the need determination in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 124, the applicant states:

*“It is expected that the proposed project will have a positive effect on competition in the proposed service area. Wake County is served by three major health care systems that operate five acute care hospitals and three stand-alone emergency departments. As such, competition for patients, physicians and staff in the area is quite strong. WakeMed is the leading provider of advanced health care services in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 124, the applicant states:

*“The project involves very low capital cost and can be completed expeditiously using existing cash reserves. The proposed beds will be located in existing space that is already in use as unlicensed beds, so renovations will be minimal, and beds can be made operational soon after approval.”*

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

Regarding the impact of the proposal on quality, in Section N, page 125, the applicant states:

*“The proposed beds will automatically participate in all WakeMed quality programs and will be subject to third party oversight by NC Hospital Licensure and CMS Certification programs.*

*A copy of the 2024 Quality Assurance and Performance Improvement Plan is included in Exhibit B.20, p9.*

*In its mission of continuous quality improvement, WakeMed has garnered numerous accolades and accreditations attesting to its effective provision of highest quality care in a broad range of services (see Section B Question 20 for a detailed list and discussion). Most recently, WakeMed received the 2024 NCHA Award for Quality Innovation in Community Health.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 126, the applicant states:

*“WakeMed Raleigh, like all facilities in the WakeMed system, does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap,*



*ability to pay, or insurance coverage. See Exhibit B.20, p38 for WakeMed's Non-Discrimination Statement and Exhibit C.6, p14 for WakeMed's Americans with Disabilities (ADA) Policy and Financial Assistance Policy.*

*Moreover, WakeMed has historically served a high percentage of the medically underserved populations in Wake County. Historically serving this high number of the elderly, uninsured, and low-income populations is in alignment with WakeMed's Mission of commitment to improving the health and well-being of the community by providing outstanding and compassionate care to all."*

See also Section L and C 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

The applicant proposes to develop 20 new acute care beds and 2 ORs at UNC Rex Raleigh pursuant to the need determinations in the 2024 SMFP.

In Section N, page 124, Section B, pages 27-31, and Exhibits B.20-1, B.20-2 and B.20-3, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality, and access to the proposed services.

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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

The applicant proposes to develop a new acute care hospital with 50 new acute care beds and 2 ORs pursuant to the need determinations in the 2024 SMFP.

In Section N, page 139, Section B, pages 27-31, and Exhibits B.20-1, B.20-2 and B.20-3, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality, and access to the proposed services.

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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

The applicant proposed to develop 41 new acute care beds at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 129, the applicant states:

*“By ensuring sufficient capacity to meet demand for DRAH’s acute care inpatient services, this project will increase patient choice for patients throughout the service area and beyond. As set forth in Section C, current capacity constraints can lead to denials of transfer requests and operation on divert status. The project will promote cost- effectiveness, quality, and access to services and therefore will promote competition in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 129, the applicant states:

*“This project will not increase the cost to patients or payors for the inpatient services provided by DRAH because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, page 130, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 130, the applicant states:

*“DUHS 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.”*

See also Section L and C 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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

### **Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

The applicant proposed to develop 3 ORs at Duke Raleigh pursuant to the need determination in the 2024 SMFP.

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

*“Wake County is a service area with several hospital providers offering a range of choice to patients, referring providers, and payors. Duke Raleigh Hospital’s existing services are highly utilized. By ensuring sufficient capacity to meet demand for DRAH’s acute care surgical services, this project will ensure patients have a meaningful choice. The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 133, the applicant states:

*“This project will not increase the cost to patients or payors for the inpatient services provided by DRAH because reimbursement rates are set by the federal government and commercial insurers. The nominal capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, page 133, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 134, the applicant states:

*“DUHS 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.”*

See also Section L and C 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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

The applicant proposed to develop 17 new acute care beds at Duke Cary pursuant to the need determination in the 2024 SMFP which is a change of scope to Project ID #J-12029-21 (develop a new acute care hospital by relocating 40 AC beds from Duke Raleigh)

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 144, the applicant states:

*“The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County. It will also allow DUHS to create a new point of access for hospital services and to better meet the needs of its existing patient population and ensure the timely provision of services in new, convenient location.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 144, the applicant states:

*“This project will not affect the cost to patients or payors for the services provided by DCH because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, page 145, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 145, the applicant states:

*“DCH, as a campus of DRAH, will 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. DUHS’s financial assistance policy will apply to the proposed services. By expanding acute care services to a growing population, it also makes them more accessible for patients with transportation challenges*

See also Section L and C 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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.



**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

The applicant proposed to develop a new acute care bed hospital with 12 AC beds and 1 OR pursuant to the need determinations in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 141, the applicant states:

*“The project will promote cost-effectiveness, quality, and access to services and therefore will promote competition in Wake County because it will allow DUHS to create a new point of access for hospital services and to better meet the needs of existing patient population and to ensure the timely provision of services in a new convenient location.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 141, the applicant states:

*“This project will not increase the cost to patients or payors for the inpatient services provided by DGH because reimbursement rates are set by the federal government and commercial insurers. The capital expenditure for this project is necessary to ensure that DUHS will have capacity to continue to provide high-quality services that are accessible to patients.”*

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

Regarding the impact of the proposal on quality, in Section N, pages 141-142, the applicant states:

*“DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care. DUHS has quality-related policies and procedures, and its quality management programs emphasize a customer-oriented perspective that is used to determine the needs of patients, physicians, and others who utilize hospital services. Please see Exhibit O.2 for quality-related policies and procedures.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 142, the applicant states:

*“DGH, as a campus of DRAH, will 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. DUHS’s financial assistance policy will apply to the proposed services. By expanding acute care services to a growing population, it also makes them more accessible for patients with transportation challenges.”*

See also Section L and C 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 will 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
- Remarks made at the public hearing
- 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 based on all the reasons described above.

- (19) Repealed effective July 1, 1987.

- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

**C**  
**All Applications**

**Project ID #J-12533-24/ WakeMed North/ Develop 2 ORs**

In Section Q, Form O, page 202, the applicant identifies two hospitals (with a total of 3 existing hospital campuses), and three ambulatory surgery centers, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 6 existing facilities of this type located in North Carolina.

In Section O.5, page 127, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12534-24/ Novant Knightdale/Develop a new hospital with 36 AC beds and 1 OR**

In Section Q, Form O, page 219, the applicant identifies eighteen hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 18 existing facilities of this type located in North Carolina.

In Section O.5, page 142, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the 18 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12535-24/ WakeMed Raleigh/ Develop 2 ORs**

In Section Q, Form O, page 214, the applicant identifies two hospitals (with a total of 3 existing hospital campuses), and three ambulatory surgery centers, located in North

Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 6 existing facilities of this type located in North Carolina.

In Section O.5, page 134, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12536-24/ WakeMed North/ Develop 25 AC Beds**

In Section Q, Form O, page 185, the applicant identifies two hospitals, with a total of 3 existing hospital campuses, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 133, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12537-24/ WakeMed Cary/ Develop 24 AC Beds**

In Section Q, Form O, page 180, the applicant identifies two hospitals, with a total of 3 existing hospital campuses, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 129, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality

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

**Project ID #J-12538-24/ WakeMed Raleigh/ Develop 21 AC Beds**

In Section Q, Form O, page 186, the applicant identifies two hospitals, with a total of 3 existing hospital campuses, located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of three existing facilities of this type located in North Carolina.

In Section O.5, page 129, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12542-24/ UNC Rex Raleigh/ Develop 20 AC Beds and 2 ORs**

In Section Q, Form O, the applicant identifies fifteen hospitals, and eight ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of 23 existing facilities of these two types located in North Carolina.

In Section O.4, pages 127-128, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12543-24/ UNC Rex Wake Forest/ Develop a new hospital with 50 AC beds and 2 ORs**

In Section Q, Form O, the applicant identifies fifteen hospitals, and eight ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant

or a related entity. Thus, the applicant identifies a total of 23 existing facilities of these two types located in North Carolina.

In Section O.4, page 142, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents resulting in a finding of immediate jeopardy occurred in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

#### **Project ID #J-12546-24/ Duke Raleigh/ Develop 41 AC Beds**

In Section Q, Form O, page 196, the applicant identifies 13 hospitals, and 7 ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of twenty existing facilities of this type located in North Carolina

In Section O.4 and O.5, page 134, the applicant states that, during the 18 months immediately preceding the submittal of the application, two of the facilities identified in Form O [Maria Parham Hospital and Wilson Medical Center], both owned/operated by a related entity (Duke LifePoint), had a finding of immediate jeopardy. The applicant states that Wilson Medical Center was back in compliance as of 4/21/2023 and that Maria Parham Hospital submitted a Plan of Correction to CMS on July 29, 2024, and that CMS accepted the plan on July 29, 2024, and the facility is awaiting an onsite visit to verify compliance and abate the immediate jeopardy. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred Maria Parham Hospital, Wilson Medical Center and Swain Community Hospital and that each of these facilities is back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

#### **Project ID #J-12547-24/ Duke Raleigh/ Develop 3 ORs**

In Section Q, Form O, page 189, the applicant identifies 13 hospitals, and 7 ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of twenty existing facilities of this type located in North Carolina

In Section O.4 and O.5, pages 136-137, the applicant states that, during the 18 months immediately preceding the submittal of the application, two of the facilities identified in Form O [Maria Parham Hospital and Wilson Medical Center], both owned/operated by a related entity (Duke LifePoint), had a finding of immediate jeopardy. The applicant states that Wilson Medical Center was back in compliance as of 4/21/2023 and that Maria Parham Hospital submitted a Plan of Correction to CMS on July 29, 2024, and that CMS accepted the plan on July 29, 2024, and the facility is awaiting an onsite visit to verify compliance and abate the immediate jeopardy. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred Maria Parham Hospital, Wilson Medical Center and Swain Community Hospital and that each of these facilities is back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12548-24/ Duke Cary/ Develop 17 AC Beds**

In Section Q, Form O, page 247, the applicant identifies 13 hospitals, and 7 ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of twenty existing facilities of this type located in North Carolina

In Section O.4 and O.5, page 149, the applicant states that, during the 18 months immediately preceding the submittal of the application, two of the facilities identified in Form O [Maria Parham Hospital and Wilson Medical Center], both owned/operated by a related entity (Duke LifePoint), had a finding of immediate jeopardy. The applicant states that Wilson Medical Center was back in compliance as of 4/21/2023 and that Maria Parham Hospital submitted a Plan of Correction to CMS on July 29, 2024, and that CMS accepted the plan on July 29, 2024, and the facility is awaiting an onsite visit to verify compliance and abate the immediate jeopardy. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred Maria Parham Hospital, Wilson Medical Center and Swain Community Hospital and that each of these facilities is back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #J-12549-24/ Duke Garner/ Develop a new hospital with 12 AC beds and 1 OR**

In Section Q, Form O, page 237, the identifies 13 hospitals and 7 ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. Thus, the applicant identifies a total of twenty existing facilities of this type located in North Carolina

In Section O.4 and O.5, page 146, the applicant states that, during the 18 months immediately preceding the submittal of the application, two of the facilities identified in Form O [Maria Parham Hospital and Wilson Medical Center], both owned/operated by a related entity (Duke LifePoint), had a finding of immediate jeopardy. The applicant states that Wilson Medical Center was back in compliance as of 4/21/2023 and that Maria Parham Hospital submitted a Plan of Correction to CMS on July 29, 2024, and that CMS accepted the plan on July 29, 2024, and the facility is awaiting an onsite visit to verify compliance and abate the immediate jeopardy. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred Maria Parham Hospital, Wilson Medical Center and Swain Community Hospital and that each of these facilities is back in compliance. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

**C**  
**The Rest of the Applications**

**NC**  
**Novant Knightdale**



**SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS** are applicable to:

- Project ID #J-12533-24/ **WakeMed North**/ Develop 2 ORs
- Project ID #J-12534-24/ **Novant Knightdale**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12535-24/ **WakeMed Raleigh**/ Develop 2 ORs
- Project ID #J-12542-24/ **UNC Rex Raleigh**/ Develop 20 AC Beds and 2 ORs
- Project ID #J-12543-24/ **UNC Rex Wake Forest**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12547-24/ **Duke Raleigh**/ Develop 3 ORs
- Project ID #J-12549-24/ **Duke Garner**/ Develop a new hospital with 12 AC beds and 1 OR

**SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS**

**10A NCAC 14C .2101 DEFINITIONS**

The following definitions apply to all rules in this Section:

- (1) "Approved operating rooms" means those operating rooms that were approved for a certificate of need by the CON Section prior to the date on which the applicant's proposed project was submitted to the CON Section, but that have not been licensed.
- (2) "Dedicated C-section operating room" means an operating room as defined in Chapter 6 in the annual State Medical Facilities Plan.
- (3) "Existing operating rooms" means those operating rooms in ambulatory surgical facilities and hospitals that were reported in the Ambulatory Surgical Facility License Renewal Application Form or in the Hospital License Renewal Application Form submitted to the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation, and that were licensed prior to the beginning of the review period. "Health System" shall have the same meaning as defined in Chapter 6 in the annual State Medical Facilities Plan.
- (4) "Health System" shall have the same meaning as defined in Chapter 6 in the annual State Medical Facilities Plan.
- (5) "Operating room" means a room as defined in G.S. 131E-176(18c).
- (6) "Operating Room Need Methodology" means the Methodology for Projecting Operating Room Need in Chapter 6 in the annual State Medical Facilities Plan.

(7) "Service area" means the Operating Room Service Area as defined in Chapter 6 in the annual State Medical Facilities Plan.

## **SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS**

### **10A NCAC 14C .2103 PERFORMANCE STANDARDS**

(a) *An applicant proposing to increase the number of operating rooms, excluding dedicated C-section operating rooms, in a service area shall demonstrate the need for the number of proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan in effect at the time the review began. The applicant is not required to use the population growth factor.*

A "health system" is defined in 10A NCAC 14C .2101(4) as:

(4) *"Health System" shall have the same meaning as defined in Chapter 6 in the annual State Medical Facilities Plan.*

Chapter 6 *Operating Rooms*, of the 2024 SMFP, defines "a health system" on page 47 as:

*"a health system includes all licensed health service facilities with ORs located in the same service area that are owned or leased by:*

- 1. the same legal entity (i.e., the same individual, trust or estate, partnership, corporation, hospital authority, or the State or political subdivision, agency or instrumentality of the State); or*
- 2. the same parent corporation or holding company; or*
- 3. a subsidiary of the same parent corporation or holding company; or*
- 4. a joint venture in which the same parent, holding company, or a subsidiary of the same parent or holding company is a participant and has the authority to propose changes in the location or number of ORs in the health service facility.*

*A health system consists of one or more health service facilities. ..."*

**-C- WakeMed North.** The applicant proposes to develop two new ORs at WakeMed North. WakeMed North is part of the WakeMed Health System. There are seven facilities (existing or approved) in the WakeMed Health System in Wake County with existing or approved ORs. The WakeMed Health System currently has a total of 44 ORs in the adjusted planning inventory as shown in the table below.

**WakeMed Health System Facilities with Existing/Approved ORs**

	<b>Existing and/or Approved ORs</b>
WakeMed Raleigh Campus	19
WakeMed North Hospital	4
WakeMed Garner Hospital*	2
WakeMed Cary Hospital	10
Capital City Surgery Center	7
WakeMed Surgery Center-Cary	1
WakeMed Surgery Center-North Raleigh*	1
<b>WakeMed System Total</b>	<b>44</b>

\*Approved, however, not yet developed.  
 Source: 2024 SMFP, Table 6b, page 78.

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the WakeMed Health System as well as the two proposed ORs at WakeMed North. The last table provides a summary of the demonstrating the projected OR deficit in the WakeMed Health System for the third full fiscal year (FY2029) following completion of the proposed WakeMed North project. The applicant did not use the correct IP and OP case times for projecting OR need. The project analyst provided the correct calculations in the last column of each of the tables. The project analyst notes that the projected IP and OP surgical cases were found to be reasonably and adequately supported. The project analyst did not correct the projected number of IP or OP surgical cases. The corrections simply involve multiplying the projected IP and OP surgical cases by the correct IP and OP case times to derive total projected surgical hours which are then used to project the number of ORs needed at each facility (for this calculation see Row K in each of the tables).

**WakeMed Raleigh: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	8,360	8,360
B	Inpatient Surgical Case Times (in Minutes)	187.2	187.2
C	Inpatient Surgical Hours (Row B/60 Min)	26,083	26,083
D	Outpatient Surgical Cases	8,103	8,103
E	Outpatient Surgical Case Times (in Minutes)	138	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	18,637	18,583
G	Total Surgical Cases (Row A + Row D)	16,463	16,463
H	Total Surgical Hours (Row C + Row F)	44,720	44,666
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	22.9	22.9
L	Existing and Approved ORs at WakeMed Raleigh*	19	19
M	Projected OR Surplus/ (Deficit)	(3.9)	(3.9)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

\*This total does not include the 2 ORs proposed at WakeMed Raleigh in the application Project # J-12535-24 filed concurrently with this application.

**WakeMed North: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	1,694	1,694
B	Inpatient Surgical Case Times (in Minutes)	150.6	187.2
C	Inpatient Surgical Hours (Row B/60 min)	4,252	5,285
D	Outpatient Surgical Cases	4,154	4,154
E	Outpatient Surgical Case Times (in Minutes)	131.4	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	9,097	9,520
G	Total Surgical Cases (Row A + Row D)	5,848	5,848
H	Total Surgical Hours (Row C + Row F)	13,349	14,805
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	6.85	7.59
L	Existing and Approved ORs at WakeMed North	4	4
M	Projected OR Surplus/ (Deficit)	(2.85)	(3.59)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

\*This total does not include the 2 ORs proposed at WakeMed North in this application.

**WakeMed Garner: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	403	403
B	Inpatient Surgical Case Times (in Minutes)	163.8	187.2
C	Inpatient Surgical Hours (Row B/60 min)	1,100	1,257
D	Outpatient Surgical Cases	1,489	1,489
E	Outpatient Surgical Case Times (in Minutes)	126	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	3,137	3,415
G	Total Surgical Cases (Row A + Row D)	1,892	1,892
H	Total Surgical Hours (Row C + Row F)	4,227	4,672
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	2.17	2.4
L	Approved ORs at WakeMed Garner	2	2
M	Projected OR Surplus/ (Deficit)	(0.17)	(0.4)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed Cary: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	2,745	2,745
B	Inpatient Surgical Case Times (in Minutes)	154.8	134.4
C	Inpatient Surgical Hours (Row B/60 min)	7,082	6,149
D	Outpatient Surgical Cases	4,729	4,729
E	Outpatient Surgical Case Times (in Minutes)	108	74.1
F	Outpatient Surgical Hours (Row E/ 60 min)	8,512	5,223
G	Total Surgical Cases (Row A + Row D)	7,474	7,474
H	Total Surgical Hours (Row C + Row F)	15,594	11,372
I	Group Assignment	4	4
J	Standard Hours per OR per Year	1,500	1,500
K	Number of ORs Needed* (Row H / Row J)	10.4	7.58
L	Existing and Approved ORs at WakeMed Cary	10	10
M	Projected OR Surplus/ (Deficit)	(0.4)	2.42

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Capital City Surgery Center ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	8,003	8,003
E	Outpatient Surgical Case Times (in Minutes)	72.6	62
F	Outpatient Surgical Hours (Row E/ 60 min)	9,684	8,270
G	Total Surgical Cases (Row A + Row D)	8,003	8,003
H	Total Surgical Hours (Row C + Row F)	9,684	8,270
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	7.38	6.3
L	Existing and Approved ORs	7	7
M	Projected OR Surplus/ (Deficit)	(0.38)	0.7

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**WakeMed Surgery Center- Cary ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	1,782	1,782
E	Outpatient Surgical Case Times (in Minutes)	72.6	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	2,156	2,147
G	Total Surgical Cases (Row A + Row D)	1,782	1,782
H	Total Surgical Hours (Row C + Row F)	2,156	2,147
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.64	1.64
L	Existing and Approved ORs at WakeMed Surgery Center- Cary	1	1
M	Projected OR Surplus/ (Deficit)	(0.64)	(0.64)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**WakeMed Surgery Center- North Raleigh ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	WakeMed Year 3 (FFY2029)	Project Analyst Corrections Year 3 (FY2029)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	1,532	1,532
E	Outpatient Surgical Case Times (in Minutes)	72.6	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,854	1,846
G	Total Surgical Cases (Row A + Row D)	1,532	1,532
H	Total Surgical Hours (Row C + Row F)	1,854	1,846
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.41	1.41
L	Existing and Approved ORs at WakeMed Surgery Center- North Raleigh	1	1
M	Projected OR Surplus/ (Deficit)	(0.41)	(0.41)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit) in the WakeMed Health System for FY2029**

WakeMed Facilities with ORs	Application 3 <sup>rd</sup> Year (2029)	Project Analyst Corrections 3 <sup>rd</sup> Year (2029)
WakeMed Raleigh Campus	(3.9)	(3.9)
WakeMed North Hospital	(2.85)	(3.59)
WakeMed Garner Hospital	(0.17)	(0.4)
WakeMed Cary Hospital	(0.4)	2.42
Capital City Surgery Center	(0.38)	0.7
WakeMed Surgery Center-Cary	(0.64)	(0.64)
WakeMed Surgery Center-North Raleigh	(0.41)	(0.41)
Projected OR Surplus/ (Deficit): WakeMed Health System*	(8.75)	(5.82)
ORs proposed this application at WakeMed North	2	2
TOTAL OR Surplus/Deficit: WakeMed Health System*	(6.75)	(3.82)

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the summary table above, the applicant demonstrates the need for the two proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan.

**-NC- Novant Knightdale.** The applicant proposes to develop one new OR at Novant Knightdale as part of an overall proposal to develop a new acute care bed hospital with 36 acute care beds. Novant Knightdale is part of the Novant Health System. There are no existing or approved facilities in the Novant Health System in Wake County with ORs. As shown in the table below, in Section Q, Form C.3b, page 173, the applicant projects sufficient surgical cases and hours to demonstrate the need for one OR in the applicant’s health system in the third full fiscal year (CY2032) following completion of the proposed project based on the Operating Room Need Methodology in the 2024 SMFP.

**Novant Knightdale: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year CY2032**

Row	Operating Rooms	Year 3 (CY2032)
A	Inpatient Surgical Cases	464
B	Inpatient Surgical Case Times (in Minutes)	106.8
C	Inpatient Surgical Hours (Row B/60 min)	826
D	Outpatient Surgical Cases	756
E	Outpatient Surgical Case Times (in Minutes)	71.4
F	Outpatient Surgical Hours (Row E/ 60 min)	900
G	Total Surgical Cases (Row A + Row D)	1,220
H	Total Surgical Hours (Row C + Row F)	1,726
I	Group Assignment	4
J	Standard Hours per OR per Year	1,500
K	Number of ORs Needed* (Row H / Row J)	1.15
L	Existing and Approved ORs at Novant Knightdale	0
M	Projected OR Surplus/ (Deficit)	(1.15)

Source: Section Q, Form C.3b, page 173

Note: Totals might not foot due to rounding.

However, the projected utilization is not reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- WakeMed Raleigh.** The applicant proposes to develop two new ORs at WakeMed Raleigh. WakeMed Raleigh is part of the WakeMed Health System. There are seven facilities, existing or approved (certificate issued but undeveloped) in the WakeMed Health System in Wake County with existing or approved ORs. The WakeMed Health System currently has a total of 44 ORs in the adjusted planning inventory as shown in the table below.



**WakeMed Health System Facilities with Existing/Approved ORs**

	Existing and/or Approved ORs
WakeMed Raleigh Campus	19
WakeMed North Hospital	4
WakeMed Garner Hospital*	2
WakeMed Cary Hospital	10
Capital City Surgery Center	7
WakeMed Surgery Center-Cary	1
WakeMed Surgery Center-North Raleigh*	1
<b>WakeMed System Total</b>	<b>44</b>

\*Approved, however, not yet developed.  
 Source: 2024 SMFP, Table 6b, page 78.

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the WakeMed Health System as well as the two proposed ORs at WakeMed Raleigh. The last table provides a summary of the demonstrating the projected OR deficit in the WakeMed Health System for the third full fiscal year (FY2029) following completion of the proposed WakeMed North project. The applicant did not use the correct IP and OP case times for projecting OR need. The project analyst provided the correct calculations in the last column of each of the tables. The project analyst notes that the projected IP and OP surgical cases were found to be reasonably and adequately supported. The project analyst did not correct the projected number of IP or OP surgical cases. The corrections simply involve multiplying the projected IP and OP surgical cases by the correct IP and OP case times to derive total projected surgical hours which are then used to project the number of ORs needed at each facility (for this calculation see Row K in each of the tables).

**WakeMed Raleigh: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	8,413	8,413
B	Inpatient Surgical Case Times (in Minutes)	187.2	187.2
C	Inpatient Surgical Hours (Row B/60 Min)	26,217	26,217
D	Outpatient Surgical Cases	8,318	8,318
E	Outpatient Surgical Case Times (in Minutes)	138	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	19,124	19,076
G	Total Surgical Cases (Row A + Row D)	16,731	16,731
H	Total Surgical Hours (Row C + Row F)	45,341	45,293
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	23.3	23.23
L	Existing and Approved ORs at WakeMed Raleigh	19	19
M	Projected OR Surplus/ (Deficit)	(4.3)	(4.23)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed North: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	1,554	1,554
B	Inpatient Surgical Case Times (in Minutes)	150.6	187.2
C	Inpatient Surgical Hours (Row B/60 min)	3,905	4,849
D	Outpatient Surgical Cases	3,953	3,953
E	Outpatient Surgical Case Times (in Minutes)	131.4	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	8,668	9,066
G	Total Surgical Cases (Row A + Row D)	5,507	5,507
H	Total Surgical Hours (Row C + Row F)	12,573	13,915
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	6.45	7.14
L	Existing and Approved ORs at WakeMed North	4	4
M	Projected OR Surplus/ (Deficit)	(2 .24)	(3.14 )

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed Garner: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	339	339
B	Inpatient Surgical Case Times (in Minutes)	163.8	187.2
C	Inpatient Surgical Hours (Row B/60 min)	927	1,058
D	Outpatient Surgical Cases	1,255	1,255
E	Outpatient Surgical Case Times (in Minutes)	126	137.6
F	Outpatient Surgical Hours (Row E/ 60 min)	2,631	2,878
G	Total Surgical Cases (Row A + Row D)	1,594	1,594
H	Total Surgical Hours (Row C + Row F)	3,558	3,936
I	Group Assignment	2	2
J	Standard Hours per OR per Year	1,950	1,950
K	Number of ORs Needed* (Row H / Row J)	1.83	2.02
L	Existing and Approved ORs at WakeMed Garner	2	2
M	Projected OR Surplus/ (Deficit)	0.17	(0.02)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed Cary: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY 2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	2,720	2,720
B	Inpatient Surgical Case Times (in Minutes)	154.8	134.4
C	Inpatient Surgical Hours (Row B/60 min)	7,004	6,093
D	Outpatient Surgical Cases	4,704	4,704
E	Outpatient Surgical Case Times (in Minutes)	108	74.1
F	Outpatient Surgical Hours (Row E/ 60 min)	8,453	5,809
G	Total Surgical Cases (Row A + Row D)	7,424	7,424
H	Total Surgical Hours (Row C + Row F)	15,457	11,902
I	Group Assignment	4	4
J	Standard Hours per OR per Year	1,500	1,500
K	Number of ORs Needed* (Row H / Row J)	10.3	7.94
L	Existing and Approved ORs at WakeMed Cary	10	10
M	Projected OR Surplus/ (Deficit)	(0.3)	2

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Capital City Surgery Center ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	7,893	7,893
E	Outpatient Surgical Case Times (in Minutes)	72.6	62
F	Outpatient Surgical Hours (Row E/ 60 min)	9,511	8,156
G	Total Surgical Cases (Row A + Row D)	7,893	7,893
H	Total Surgical Hours (Row C + Row F)	9,511	8,156
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	7.25	6.25
L	Existing and Approved ORs	7	7
M	Projected OR Surplus/ (Deficit)	(0.25)	0.75

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed Surgery Center-Cary: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	1,757	1,757
E	Outpatient Surgical Case Times (in Minutes)	72.6	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	2,117	2,117
G	Total Surgical Cases (Row A + Row D)	1,757	1,757
H	Total Surgical Hours (Row C + Row F)	2,117	2,117
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.61	1.61
L	Existing and Approved ORs at WakeMed Surgery Center-Cary	1	1
M	Projected OR Surplus/ (Deficit)	(0.61)	(0.61)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**WakeMed Surgery Center-North Raleigh ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2028)**

Row	Operating Rooms	WakeMed Year 3 (FFY2028)	Project Analyst Corrections Year 3 (FY2028)
A	Inpatient Surgical Cases	na	na
B	Inpatient Surgical Case Times (in Minutes)	na	na
C	Inpatient Surgical Hours (Row B/60 min)	na	na
D	Outpatient Surgical Cases	1,512	1,512
E	Outpatient Surgical Case Times (in Minutes)	72.6	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,822	1,822
G	Total Surgical Cases (Row A + Row D)	1,512	1,512
H	Total Surgical Hours (Row C + Row F)	1,822	1,822
I	Group Assignment	6	6
J	Standard Hours per OR per Year	1,312	1,312
K	Number of ORs Needed* (Row H / Row J)	1.39	1.39
L	Existing and Approved ORs at WakeMed Surgery Center-North Raleigh	1	1
M	Projected OR Surplus/ (Deficit)	(0.39)	(0.39)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit)\* in the WakeMed Health System for FY2028**

WakeMed Facilities with ORs	Application 3 <sup>rd</sup> Year (2028)	Project Analyst Corrections 3 <sup>rd</sup> Year (2028)
WakeMed Raleigh Campus	(4.30)	(4.23)
WakeMed North Hospital	(2.45)	(3.14)
WakeMed Garner Hospital	(0.17)	(0.02)
WakeMed Cary Hospital	(0.30)	2.00
Capital City Surgery Center	(0.25)	0.75
WakeMed Surgery Center-Cary	(0.61)	(0.61)
WakeMed Surgery Center-North Raleigh	(0.39)	(0.39)
Projected OR Surplus/(Deficit): WakeMed Health System*	(8.25)	(5.64)
ORs proposed this application	2.00	2.00
TOTAL after Project Completion*	(6.25)	(3.64)

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the summary table above, the applicant demonstrates the need for the two proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year (FY2028) following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan.

**-C- UNC Rex Raleigh.** The applicant proposes to develop two new ORs at UNC Rex Raleigh. UNC Rex Raleigh is part of the UNC Health System in Wake County. There are seven facilities (existing or approved) in the UNC Health System in Wake County with existing or approved ORs. The UNC Health System has a total of 40 ORs in the adjusted planning inventory.

**UNC Health System Facilities with Existing/Approved ORs**

	<b>Adjusted Planning Inventory</b>
UNC Rex Raleigh	25
UNC Rex Holly Springs	3
Raleigh Orthopaedic Surgery Center	4
Orthopaedic Surgery Center-Garner	1
Raleigh Orthopaedic Surgery Center- West Cary	1
Rex Surgery Center of Wakefield	2
Rex Surgery Center of Cary	4
<b>UNC Health System Total</b>	<b>40</b>

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the UNC Rex Health System as well as the two proposed ORs at UNC Rex Raleigh.

**UNC Rex RALEIGH: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

<b>Row</b>	<b>Operating Rooms</b>	<b>UNC Year 3 (FFY2029)</b>
A	Inpatient Surgical Cases	5211
B	Inpatient Surgical Case Times (in Minutes)	217.7
C	Inpatient Surgical Hours (Row B/60 Min)	18,907
D	Outpatient Surgical Cases	15749
E	Outpatient Surgical Case Times (in Minutes)	127.6
F	Outpatient Surgical Hours (Row E/ 60 min)	33,493
G	Total Surgical Cases (Row A + Row D)	20,960
H	Total Surgical Hours (Row C + Row F)	52,400
I	Group Assignment	2
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed (Row H / Row J)	26.87
L	Existing and Approved ORs (25 at UNC Rex RALEIGH)	25
M	OR Surplus/ (Deficit)	(1.87)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**UNC Rex Holly Springs: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	284
B	Inpatient Surgical Case Times (in Minutes)	217.7
C	Inpatient Surgical Hours (Row B/60 Min)	1,030.5
D	Outpatient Surgical Cases	2,606
E	Outpatient Surgical Case Times (in Minutes)	127.6
F	Outpatient Surgical Hours (Row E/ 60 min)	5542
G	Total Surgical Cases (Row A + Row D)	2,890
H	Total Surgical Hours (Row C + Row F)	6,572.6
I	Group Assignment	2
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed (Row H / Row J)	3.37
L	Existing and Approved ORs (25 at UNC R & 3 at UNC HS)	3
M	OR Surplus/ (Deficit)	(0.37)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Raleigh Orthopaedic Surgery Center- ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	2,585
E	Outpatient Surgical Case Times (in Minutes)	68
F	Outpatient Surgical Hours (Row E/ 60 min)	2,930
G	Total Surgical Cases (Row A + Row D)	2,585
H	Total Surgical Hours (Row C + Row F)	2,930
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	2.23
L	Existing and Approved ORs at Raleigh Orthopaedic Surgery Center-ASC	4
M	OR Surplus/ (Deficit)	1.77

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Orthopaedic Surgery Center of Garner- ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	2,107
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	2,538
G	Total Surgical Cases (Row A + Row D)	2,107
H	Total Surgical Hours (Row C + Row F)	2,538
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	1.94
L	Existing and Approved ORs at Orthopaedic Surgery Center of Garner-ASC	1
M	OR Surplus/ (Deficit)	(0.94)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Raleigh Orthopaedic Surgery Center West Cary- ASF: Projected OR Surplus/ (Deficit)-3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	1,136
E	Outpatient Surgical Case Times (in Minutes)	81
F	Outpatient Surgical Hours (Row E/ 60 min)	1,533
G	Total Surgical Cases (Row A + Row D)	1,136
H	Total Surgical Hours (Row C + Row F)	1,533
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	1.17
L	Existing and Approved ORs at Raleigh Orthopaedic Surgery Center West Cary- ASC	1
M	OR Surplus/ (Deficit)	(0.17)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.



**Rex Surgery of Wakefield- ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	4,660
E	Outpatient Surgical Case Times (in Minutes)	46
F	Outpatient Surgical Hours (Row E/ 60 min)	3,573
G	Total Surgical Cases (Row A + Row D)	4,660
H	Total Surgical Hours (Row C + Row F)	3,573
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed* (Row H / Row J)	2.72
L	Existing and Approved ORs at Rex Surgery of Wakefield ASC	2
M	OR Surplus/ (Deficit)	(0.72)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Rex Surgery of Cary- ASF: Projected OR Utilization 3<sup>rd</sup> Project Year (FY2029)**

Row	Operating Rooms	UNC Year 3 (FFY2029)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	4,756
E	Outpatient Surgical Case Times (in Minutes)	53.6
F	Outpatient Surgical Hours (Row E/ 60 min)	4,249
G	Total Surgical Cases (Row A + Row D)	4,756
H	Total Surgical Hours (Row C + Row F)	4,249
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed* (Row H / Row J)	3.24
L	Existing and Approved ORs at Rex Surgery of Cary	4
M	OR Surplus/ (Deficit)	0.76

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit)\* in the UNC Health System for FY2029**

UNC Facilities with ORs	<b>3<sup>rd</sup> Project Year (FY2029)</b>
UNC Rex Raleigh	(1.87)
UNC Rex Holly Springs	(0.37)
Raleigh Orthopaedic Surgery Center	1.77
Orthopaedic Surgery Center-Garner	(0.94)
Raleigh Orthopaedic Surgery Center- West Cary	(0.17)
Rex Surgery Center of Wakefield	(0.72)
Rex Surgery Center of Cary	0.76
Projected OR Surplus/(Deficit)- UNC Rex Health System*	(1.54)
ORs proposed this Review	2
TOTAL OR Surplus/(Deficit) after Project Completion- UNC Rex Health System	0

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the summary table above, the applicant demonstrates the need for the two proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year (FY2029) following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan.

- C- **UNC Rex Wake Forest.** The applicant proposes to develop two new ORs at UNC Rex Wake Forest as part of an overall proposal to develop a new acute care bed hospital with 50 acute care beds. The proposed UNC Rex Wake Forest hospital is part of the UNC Health System in Wake County. There are eight facilities (existing or approved) in the UNC Health System in Wake County with existing or approved ORs. The UNC Health System has a total of 40 ORs in the adjusted planning inventory.

**UNC Rex Health System Facilities with: Existing/Approved ORs**

	<b>Adjusted Planning Inventory</b>
UNC Rex Raleigh	25
UNC Rex Holly Springs	3
Raleigh Orthopaedic Surgery Center	4
Orthopaedic Surgery Center or Garner	1
Raleigh Orthopaedic Surgery Center-West Cary	1
Rex Surgery Center of Wakefield	2
Rex Surgery Cener of Cary	4
<b>UNC Health System Total</b>	<b>40</b>

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the UNC Rex Health System as well as the two proposed ORs at UNC Rex Wake Forest.

**UNC Rex Raleigh: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	3,700
B	Inpatient Surgical Case Times (in Minutes)	217.7
C	Inpatient Surgical Hours (Row B/60 Min)	13,425
D	Outpatient Surgical Cases	17,695
E	Outpatient Surgical Case Times (in Minutes)	127.6
F	Outpatient Surgical Hours (Row E/ 60 min)	37,631
G	Total Surgical Cases (Row A + Row D)	21,395
H	Total Surgical Hours (Row C + Row F)	51,056
I	Group Assignment	2
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed* (Row H / Row J)*	26.2
L	Existing and Approved ORs at UNC Rex Raleigh	27
M	Projected OR Surplus/ (Deficit)	0.8

Source: Section Q, Form C.3b, and Form C Utilization-Assumptions and Methodology, pages 19-20 and Table 3-7.

Note: Totals might not foot due to rounding.

\*The 2 ORs proposed at UNC Rex Raleigh in application Project ID#J-12535-24 filed concurrently with this application are not included. In addition, the 2 ORs proposed in this application to be developed at UNC Rex Wake Forest are also not included here.

**UNC Rex Holly Springs: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	237
B	Inpatient Surgical Case Times (in Minutes)	217.7
C	Inpatient Surgical Hours (Row B/60 Min)	860
D	Outpatient Surgical Cases	3,120
E	Outpatient Surgical Case Times (in Minutes)	127.6
F	Outpatient Surgical Hours (Row E/ 60 min)	6,635
G	Total Surgical Cases (Row A + Row D)	3,357
H	Total Surgical Hours (Row C + Row F)	7,495
I	Group Assignment	2
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed* (Row H / Row J)	3.84
L	Existing and Approved ORs at UNC Rex Holly Springs	3
M	Projected OR Surplus/ (Deficit)	(0.84)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**UNC Rex Wake Forest: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	651
B	Inpatient Surgical Case Times (in Minutes)	217.7
C	Inpatient Surgical Hours (Row B/60 Min)	2,364
D	Outpatient Surgical Cases	1,160
E	Outpatient Surgical Case Times (in Minutes)	127.6
F	Outpatient Surgical Hours (Row E/ 60 min)	2,466
G	Total Surgical Cases (Row A + Row D)	1,811
H	Total Surgical Hours (Row C + Row F)	4,830
I	Group Assignment	2
J	Standard Hours per OR per Year	1,950
K	Number of ORs Needed* (Row H / Row J)	2.48
L	Existing and Approved ORs at UNC Rex Wake Forest	0
M	Projected OR Surplus/ (Deficit)	(2.48)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Raleigh Orthopaedic Surgery Center ASF: Projected OR Surplus/ (Deficit)-3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	2,958
E	Outpatient Surgical Case Times (in Minutes)	68
F	Outpatient Surgical Hours (Row E/ 60 min)	3,352
G	Total Surgical Cases (Row A + Row D)	2,958
H	Total Surgical Hours (Row C + Row F)	3,352
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	2.56
L	Existing and Approved ORs at Raleigh Orthopaedic Surgery Center	4
M	Projected OR Surplus/ (Deficit)	1.44

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Orthopaedic Surgery Center of Garner ASF: Projected OR Surplus/ (Deficit)-3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	2,273
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	2,739
G	Total Surgical Cases (Row A + Row D)	2,273
H	Total Surgical Hours (Row C + Row F)	2,739
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	2.09
L	Existing and Approved ORs at Orthopaedic Surgery Center of Garner	1
M	Projected OR Surplus/ (Deficit)	(1.09)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Raleigh Orthopaedic Surgery Center West Cary ASF: Projected OR Surplus/ (Deficit)-3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	1,136
E	Outpatient Surgical Case Times (in Minutes)	81
F	Outpatient Surgical Hours (Row E/ 60 min)	1,533
G	Total Surgical Cases (Row A + Row D)	1,136
H	Total Surgical Hours (Row C + Row F)	1,533
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	1.17
L	Existing and Approved ORs at Raleigh Orthopaedic Surgery Center West Cary	1
M	Projected OR Surplus/ (Deficit)	(0.17)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Rex Surgery of Wakefield- ASF: Projected OR Surplus/ (Deficit)- 3rd Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	5,548
E	Outpatient Surgical Case Times (in Minutes)	46
F	Outpatient Surgical Hours (Row E/ 60 min)	4,254
G	Total Surgical Cases (Row A + Row D)	5,548
H	Total Surgical Hours (Row C + Row F)	4,254
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	3.24
L	Existing and Approved ORs at Rex Surgery of Wakefield	2
M	Projected OR Surplus/ (Deficit)	(1.24)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Rex Surgery of Cary- ASF: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2033)**

Row	Operating Rooms	UNC Year 3 (FFY2033)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 Min)	na
D	Outpatient Surgical Cases	5,131
E	Outpatient Surgical Case Times (in Minutes)	53.6
F	Outpatient Surgical Hours (Row E/ 60 min)	4,584
G	Total Surgical Cases (Row A + Row D)	5,131
H	Total Surgical Hours (Row C + Row F)	4,584
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	3.49
L	Existing and Approved ORs at Rex Surgery of Cary	4
M	Projected OR Surplus/ (Deficit)	0.51

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit)\* in the UNC Rex Health System**

UNC Facilities with ORs	Application 3 <sup>rd</sup> Year (2033)
UNC Rex Raleigh	0.80
UNC Rex Holly Springs	(0.84)
Raleigh Orthopaedic Surgery Center	1.44
Orthopaedic Surgery Center or Garner	(1.09)
Raleigh Orthopaedic Surgery Center-West Cary	(0.17)
Rex Surgery Center of Wakefield	(1.24)
Rex Surgery Cener of Cary	0.51
UNC Rex Wake Forest (Proposed)	(2.48)
Projected OR Surplus/(Deficit): UNC Rex Health System*	(3.07)
ORs proposed this application at UNC Rex Wake Forest	2
TOTAL OR Surplus/(Deficit) after Project Completion UNC Rex Health System*	(1.07)

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the summary table above, the applicant demonstrates the need for the two proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year (FY2033) following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan.

**-C- Duke Raleigh.** The applicant proposes developing three new ORs at Duke Raleigh. Duke Raleigh is part of the Duke Health System in Wake County. Currently, there are five facilities (existing or approved) in the Duke Health System in Wake County with existing or approved ORs. The Duke Health System has a total of 17 ORs in the adjusted planning inventory.

**Duke Health System Facilities with: Existing/Approved ORs**

	<b>Adjusted Planning Inventory</b>
Duke Raleigh Hospital*	15
Duke Health Green Level ASC	1
Duke Health Garner ASC	1
<b>Duke Health System Total</b>	<b>17</b>

\*Note: Two existing ORs were approved to be transferred from Duke Raleigh Hospital to Duke Cary Hospital in Project ID #J-12029-21. Duke Cary Hospital 1<sup>st</sup> Full Project Year is projected to be FY2030. One existing OR was approved to be transferred from Duke Raleigh Hospital to Duke Health Raleigh ASC in Project ID#J-12212-22. That project is currently on hold.

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the Duke Health System as well as the three proposed ORs at Duke Raleigh. The last table provides a summary of the demonstrating the projected OR deficit in the Duke Health System for the third full fiscal year (FY2032) following completion of the proposed Duke Raleigh project. The applicant did not use the correct IP and OP case times for projecting OR need. The project analyst provided the correct calculations in the last column of each of the tables. The project analyst notes that the projected IP and OP surgical cases were found to be reasonably and adequately supported. The project analyst did not correct the projected number of IP or OP surgical cases. The corrections simply involve multiplying the projected IP and OP surgical cases by the correct IP and OP case times to derive total projected surgical hours which are then used to project the number of ORs needed at each facility (for this calculation see Row K in each of the tables). In addition, the applicant, for some of the facilities, placed them in the incorrect Group Assignment which then resulted in the incorrect standard hours per OR year (Row J) being used. Where necessary, the project analyst addressed this issue and did the mathematical calculations.



**Duke Raleigh Hospital: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2032)**

Row	Operating Rooms	Duke Year 3 (FFY2032)	Project Analyst Corrections Year 3 (FY2032)
A	Inpatient Surgical Cases	4,323	4,323
B	Inpatient Surgical Case Times (in Minutes)	179	214.6
C	Inpatient Surgical Hours (Row B/60 Min)	12,898	15,462
D	Outpatient Surgical Cases	10,579	10,579
E	Outpatient Surgical Case Times (in Minutes)	113	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	19,924	24,367
G	Total Surgical Cases (Row A + Row D)	14,902	14,902
H	Total Surgical Hours (Row C + Row F)	32,822	39,829
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1500	1,755
K	Number of ORs Needed (Row H / Row J)	21.88	22.7
L	Existing and Approved ORs at Duke Raleigh*	13	13
M	Projected OR Surplus/ (Deficit)	(8.88)	(9.7)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

\*In FY 2030 two existing ORs currently at Duke Raleigh Hospital will have been transferred to Duke Cary Hospital.

**Duke Cary Hospital: Projected OR Surplus/ (Deficit)-3<sup>rd</sup> Project Year (FY2032)**

Row	Operating Rooms	WakeMed Year 3 (FFY2032)	Project Analyst Corrections Year 3 (FY2032)
A	Inpatient Surgical Cases	468	468
B	Inpatient Surgical Case Times (in Minutes)	106.9	214.6
C	Inpatient Surgical Hours (Row B/60 min)	834	1,674
D	Outpatient Surgical Cases	3,334	3,334
E	Outpatient Surgical Case Times (in Minutes)	71.1	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	3,951	7,679
G	Total Surgical Cases (Row A + Row D)	3,802	3,802
H	Total Surgical Hours (Row C + Row F)	4,785	9,353
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1,500	1,755
K	Number of ORs Needed* (Row H / Row J)	3.19	5.33
L	Existing and Approved ORs at Duke Cary	2	2
M	Projected OR Surplus/ (Deficit)	(1.19)	(3.33)

Source: Section Q, Form C.3b and pages 166-169 of the application.

Note: Totals might not foot due to rounding.

**Duke Garner Hospital: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2032)**

Row	Operating Rooms	Duke Year 3 (FFY2032)	Project Analyst Corrections Year 3 (FY2032)
A	Inpatient Surgical Cases	96	96
B	Inpatient Surgical Case Times (in Minutes)	106.9	214.6
C	Inpatient Surgical Hours (Row B/60 min)	171.04	343.36
D	Outpatient Surgical Cases	1,429	1,429
E	Outpatient Surgical Case Times (in Minutes)	71.1	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	1,693	3,291.5
G	Total Surgical Cases (Row A + Row D)	1,524	1,524
H	Total Surgical Hours (Row C + Row F)	1,864	3,635
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1,500	1,755
K	Number of ORs Needed* (Row H / Row J)	1.24	2.07
L	Existing and Approved ORs at Duke Garner	0	0
M	Projected OR Surplus/ (Deficit)	(1.24)	(2.07)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Duke Health Green Level ASC: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2032)**

Row	Operating Rooms	Duke Year 3 (FFY2032)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 min)	na
D	Outpatient Surgical Cases	1,243
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,498
G	Total Surgical Cases (Row A + Row D)	1,243
H	Total Surgical Hours (Row C + Row F)	1,498
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed* (Row H / Row J)	1.14
L	Existing and Approved ORs at Duke Health Green Level ASC	1
M	Projected OR Surplus/ (Deficit)	(0.14)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Duke Health Garner- ASC: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2032)**

Row	Operating Rooms	Duke Year 3 (FFY2032)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 min)	na
D	Outpatient Surgical Cases	1,369
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,650
G	Total Surgical Cases (Row A + Row D)	1,369
H	Total Surgical Hours (Row C + Row F)	1,650
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed* (Row H / Row J)	1.26
L	Existing and Approved ORs at Duke Health Garner ASC	1
M	Projected OR Surplus/ (Deficit)	(0.26)

Source: Section Q, Form C.3b.  
 Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit) in the Duke Health System for 2032**

Duke Facilities with ORs	Application 3 <sup>rd</sup> Year (2032)	Project Analyst Corrections 3 <sup>rd</sup> Year (2032)
Duke Raleigh Hospital- based on 13 ORs	(8.88)	(9.70)
Duke Cary Hospital- based on 2 ORs	(1.19)	(3.33)
Duke Garner Hospital	(1.24)	(2.07)
Duke Health Green Level ASC	(0.14)	(0.14)
Duke Health Garner ASC	(0.26)	(0.26)
Projected OR Surplus/(Deficit): Duke Health System	(11.71)	(15.5)
ORs proposed in this application at Duke Raleigh	3	3
TOTAL after Project Completion		

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

As shown in the summary table above, The applicant demonstrates the need for the three proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan in effect at the time the review began.

- C- **Duke Garner.** The applicant proposes to develop one OR as part of a proposal to develop a new acute care hospital with 12 acute care beds and one OR. The proposed Duke Garner hospital is part of the Duke Health System in Wake County. Currently, there are five facilities (existing or approved) in the Duke Health System in Wake County with existing or approved ORs. The Duke Health System has a total of 17 ORs in the adjusted planning inventory.

**Duke Health System Facilities with: Existing/Approved ORs**

	<b>Adjusted Planning Inventory</b>
Duke Raleigh Hospital*	15
Duke Health Green Level ASC	1
Duke Health Garner ASC	1
<b>Duke Health System Total</b>	<b>17</b>

\*Note: Two existing ORs were approved to be transferred from Duke Raleigh Hospital to Duke Cary Hospital in Project ID #J-12029-21. Duke Cary Hospital 1<sup>st</sup> Full Project Year is projected to be FY2030. One existing OR was approved to be transferred from Duke Raleigh Hospital to Duke Health Raleigh ASC in Project ID#J-12212-22. That project is currently on hold.

The tables below provide an OR need analysis, by facility, for the existing, approved ORs in the Duke Health System as well as the one proposed ORs at Duke Garner. The last table provides a summary of the demonstrating the projected OR deficit in the Duke Health System for the third full fiscal year (FY2031) following completion of the proposed Duke Garner project. The applicant did not use the correct IP and OP case times for projecting OR need. The project analyst provided the correct calculations in the last column of each of the tables. The project analyst notes that the projected IP and OP surgical cases were found to be reasonably and adequately supported. The project analyst did not correct the projected number of IP or OP surgical cases. The corrections simply involve multiplying the projected IP and OP surgical cases by the correct IP and OP case times to derive total projected surgical hours which are then used to project the number of ORs needed at each facility (for this calculation see Row K in each of the tables). In addition, the applicant, for some of the facilities, placed them in the incorrect Group Assignment which then resulted in the incorrect standard hours per OR year (Row J) being used. Where necessary, the project analyst addressed this issue and did the mathematical calculations.

**Duke Raleigh Hospital: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2031)**

Row	Operating Rooms	Duke Year 3 (FFY2031)	Project Analyst Corrections Year 3 (FY2031)
A	Inpatient Surgical Cases	4,154	4,154
B	Inpatient Surgical Case Times (in Minutes)	179	214.6
C	Inpatient Surgical Hours (Row B/60 Min)	12,393	14,858
D	Outpatient Surgical Cases	10,288	10,288
E	Outpatient Surgical Case Times (in Minutes)	113	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	19,376	23,697
G	Total Surgical Cases (Row A + Row D)	14,442	14,442
H	Total Surgical Hours (Row C + Row F)	31,769	38,555
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1500	1,755
K	Number of ORs Needed (Row H / Row J)	21.18	21.97
L	Existing and Approved ORs*	13	13
M	OR Surplus/ (Deficit)	(8.18)	(8.97)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

\*In FY 2030 two existing ORs currently at Duke Raleigh Hospital will have been transferred to Duke Cary Hospital.

**Duke Cary Hospital: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2031)**

Row	Operating Rooms	WakeMed Year 3 (FFY2031)	Project Analyst Corrections Year 3 (FY2031)
A	Inpatient Surgical Cases	394	394
B	Inpatient Surgical Case Times (in Minutes)	106.9	214.6
C	Inpatient Surgical Hours (Row B/60 min)	702	1,409
D	Outpatient Surgical Cases	2,708	2,708
E	Outpatient Surgical Case Times (in Minutes)	71.1	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	3,210	6,238
G	Total Surgical Cases (Row A + Row D)	3,102	3,102
H	Total Surgical Hours (Row C + Row F)	3,911	7,646
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1,500	1,755
K	Number of ORs Needed (Row H / Row J)	2.61	4.36
L	Existing and Approved ORs	2	2
M	OR Surplus/ (Deficit)	(0.61)	(2.36)

Source: Section Q, Form C.3b, pages 203-205 of the application.

Note: Totals might not foot due to rounding.

**Duke Garner Hospital: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2031)**

Row	Operating Rooms	Duke Year 3 (FFY2031)	Project Analyst Corrections Year 3 (FY2031)
A	Inpatient Surgical Cases	94	94
B	Inpatient Surgical Case Times (in Minutes)	106.9	214.6
C	Inpatient Surgical Hours (Row B/60 min)	168	336.2
D	Outpatient Surgical Cases	1,354	1,354
E	Outpatient Surgical Case Times (in Minutes)	71.1	138.2
F	Outpatient Surgical Hours (Row E/ 60 min)	1,605	3,118.7
G	Total Surgical Cases (Row A + Row D)	1,448	1,448
H	Total Surgical Hours (Row C + Row F)	1,772	3,455
I	Group Assignment	4	3
J	Standard Hours per OR per Year	1,500	1,755
K	Number of ORs Needed (Row H / Row J)	1.18	1.97
L	Existing and Approved ORs	0	0
M	OR Surplus/ (Deficit)	(1.18)	(1.97)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Duke Health Green Level ASC: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2031)**

Row	Operating Rooms	Duke Year 3 (FFY2031)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 min)	na
D	Outpatient Surgical Cases	1,243
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,498
G	Total Surgical Cases (Row A + Row D)	1,243
H	Total Surgical Hours (Row C + Row F)	1,498
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	1.14
L	Existing and Approved ORs	1
M	OR Surplus/ (Deficit)	(0.14)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Duke Health Garner- ASC: Projected OR Surplus/ (Deficit)- 3<sup>rd</sup> Project Year (FY2031)**

Row	Operating Rooms	Duke Year 3 (FFY2031)
A	Inpatient Surgical Cases	na
B	Inpatient Surgical Case Times (in Minutes)	na
C	Inpatient Surgical Hours (Row B/60 min)	na
D	Outpatient Surgical Cases	1,369
E	Outpatient Surgical Case Times (in Minutes)	72.3
F	Outpatient Surgical Hours (Row E/ 60 min)	1,650
G	Total Surgical Cases (Row A + Row D)	1,369
H	Total Surgical Hours (Row C + Row F)	1,650
I	Group Assignment	6
J	Standard Hours per OR per Year	1,312
K	Number of ORs Needed (Row H / Row J)	1.26
L	Existing and Approved ORs	1
M	OR Surplus/ (Deficit)	(0.26)

Source: Section Q, Form C.3b.

Note: Totals might not foot due to rounding.

**Summary Table: Projected OR Surplus/ (Deficit) in the Duke Health System for 2031**

Duke Facilities with ORs	Application 3 <sup>rd</sup> Year (2031)	Project Analyst Corrections 3 <sup>rd</sup> Year (2031)
Duke Raleigh Hospital- based on 13 ORs	(8.18)	(8.97)
Duke Cary Hospital- based on 2 ORs	(0.61)	(2.36)
Duke Garner Hospital	(1.18)	(1.97)
Duke Health Green Level ASC	(0.14)	(0.14)
Duke Health Garner ASC	(0.26)	(0.26)
Projected OR Surplus/(Deficit): Duke Health System*	(10.37)	(13.7)
ORs proposed in this application for Duke Garner	1	1
TOTAL after Project Completion*	(9.37)	(12.37)

\*Rounding: If 0.50 or higher rounded to the next highest whole number per the 2024 SMFP, page 51.

Note: The approved Duke Health Raleigh ASC (transfer one OR from Duke Raleigh) is not included as a separate facility as the project is currently on hold and is not projected by the applicant to be developed during the projected project years. The OR which was approved to be transferred from Duke Raleigh to Duke Health Raleigh ASC is still being utilized at Duke Raleigh and is projected to be utilized at Duke Raleigh through the first three proposed project years of Duke Garner.

As shown in the summary table above, The applicant demonstrates the need for the one proposed operating room in addition to the existing and approved operating

rooms in the applicant's health system in the applicant's third full fiscal year (FY2031) following completion of the proposed project based on the Operating Room Need Methodology set forth in the annual State Medical Facilities Plan in effect at the time the review began.

(b) *The applicant shall provide the assumptions and methodology used for the projected utilization required by this Rule.*

**-C- WakeMed North.** In Section Q, Form C.3a, Form C.3b and Form C Assumptions and Methodology, pages 158-181, Exhibits C.3, C.4 and C.5 and the application filed concurrently with this application to develop two ORs at WakeMed Raleigh (Project ID# J-12535-24), the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

**-NC- Novant Knightdale.** In Section Q, Form C.3b, pages 173-174, and Form C.3b Assumptions and Methodology Assumptions and Methodology, pages 175-192, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

However, projected utilization is not reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- WakeMed Raleigh.** In Section Q, Form C.3a, Form C.3b and Form C Assumptions and Methodology, pages 166-193, Exhibits C.3, C.4 and C.5 and the application filed concurrently with this application to develop two ORs at WakeMed North (Project ID# J-12533-24), the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

**-C- UNC Rex Raleigh.** In Section Q, Form C.3a, Form C.3b and Form C Utilization-Assumptions and Methodology, pages 1-24, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.



The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **UNC Rex Wake Forest.** In Section Q, Form C.3a, Form C.3b and Form C Utilization-Assumptions and Methodology, pages 1-45, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **Duke Raleigh.** In Section Q, pages 141-169, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.-

- C- **Duke Garner.** In Section Q, pages 150-213, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

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

- Project ID #J-12534-24/ **Novant Health Knightdale Medical Center**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12536-24/ **WakeMed North**/ Develop 25 AC Beds
- Project ID #J-12537-24/ **WakeMed Cary**/ Develop 24 AC Beds
- Project ID #J-12538-24/ **WakeMed Raleigh**/ Develop 21 AC Beds
- Project ID #J-12542-24/ **UNC Rex Hospital**/ Develop 20 AC Beds and 2 ORs
- Project ID #J-12543-24/ **UNC Rex Wake Forest**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12546-24/ **Duke Raleigh**/ Develop 41 AC Beds
- Project ID #J-12548-24/ **Duke Cary**/ Develop 17 AC Beds
- Project ID #J-12549-24/ **Duke Garner**/ Develop a new hospital with 12 AC beds and 1 OR

**SECTION .3800 - CRITERIA AND STANDARDS FOR ACUTE CARE  
HOSPITAL BEDS**

**10A NCAC 14C .3801 DEFINITIONS**

The following definitions shall apply to this Section:

- (1) "Applicant hospital" means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license.
- (2) "Approved beds" means acute care beds in a hospital that were issued a certificate of need but are not licensed as of the application deadline for the review period.
- (3) "Average daily census (ADC)" means the total number of acute care days of care provided during a full fiscal year of operation divided by 365 days.
- (4) "Existing beds" means acute care beds in a hospital that are licensed as of the application deadline for the review period.
- (5) "Hospital system" means all hospitals in the proposed service area owned or operated by the applicant or a related entity.

- (6) "Occupancy rate" means the ADC divided by the total number of existing, approved, and proposed acute care hospital beds expressed as a percentage.
- (7) "Proposed beds" means the acute care beds proposed to be developed in a hospital in the application under review.
- (8) "Qualified applicant" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.
- (9) "Service area" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.

### 10 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- **Novant Knightdale.** Novant Knightdale is a proposed acute care hospital. In Section B, page 26, and Exhibit C-1.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **WakeMed North.** In Section Q, WakeMed North is an existing acute care hospital with existing acute care beds. In Section B, page 26, and Exhibit I.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **WakeMed Cary.** WakeMed Cary is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **WakeMed Raleigh.** WakeMed Raleigh is an existing acute care hospital with existing acute care beds. In Section B, page 25, and Exhibit I.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **UNC Rex Raleigh.** UNC Rex Raleigh is an existing acute care hospital with existing acute care beds. In Section B, page 25, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

- C- **UNC Rex Wake Forest.** UNC Rex Wake Forest is a proposed acute care hospital that will operate under the license of UNC Rex Raleigh, an existing acute care hospital with existing acute care beds. In Section B, page 25, Section C, page 33 and Exhibit C.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
  - C- **Duke Raleigh.** DRAH is an existing acute care hospital with existing acute care beds. In Section B, page 23, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
  - C- **Duke Cary.** Duke Cary is an approved, but undeveloped, acute care hospital that will operate under the license of Duke Raleigh, an existing acute care hospital with existing acute care beds. In Section B, pages 23-24, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
  - C- **Duke Garner.** Duke Garner is a proposed acute care hospital that will operate under the license of Duke Raleigh, an existing acute care hospital with existing acute care beds. In Section B, page 22, and Exhibit B.1, the applicant documents that it is a qualified applicant. The discussion regarding applicants who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- (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;*
- NC- **Novant Knightdale.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. Novant Knightdale is a proposed new acute care hospital. If approved, Novant Knightdale would be the only hospital on the license. Therefore, the applicant hospital is comprised of the proposed Novant Knightdale hospital. In Section Q, Form C.1b, page 147, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Novant Knightdale Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FFY CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> FFY CY2032</b>
# of Patient Days	8,865	9,049	9,229

Source: Form C.1b, page 147.

\*Existing, approved, and proposed acute care beds for the applicant hospital.

However, the projected utilization is not reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

- C- **WakeMed North.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license. WakeMed North is one of three hospitals on the WakeMed Raleigh license. The three hospital campuses on the WakeMed Raleigh license are WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) hereinafter referred to as the WakeMed Raleigh License Hospitals. The WakeMed Raleigh License Hospitals are the applicant hospital.

In Exhibit C.5, page 17, the applicant provides projected utilization for the applicant hospital (WakeMed Raleigh License Hospitals) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY FY29</b>	<b>2<sup>nd</sup> FY FY30</b>	<b>3<sup>rd</sup> FY FY31</b>
# of Patient Days	209,641	211,425	213,815

Source: Exhibit C.5, page 17.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Cary.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. WakeMed Cary is the only hospital on the WakeMed Cary license and there is only one hospital campus. Therefore, the applicant hospital is WakeMed Cary.

In Exhibit C.5, page 5, the applicant provides projected utilization for the applicant hospital (WakeMed Cary) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Cary: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY27	FY28	FY29
# of Patient Days	72,131	71,238	71,788

Source: Exhibit C.5, page 5.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposes to develop the new acute care beds and includes all campuses on one license. WakeMed Raleigh is one of three hospitals on the WakeMed Raleigh license. The three hospital campuses on the WakeMed Raleigh license are WakeMed Raleigh, WakeMed North and WakeMed Garner (approved but not yet developed) hereinafter referred to as the WakeMed Raleigh License Hospitals. The WakeMed Raleigh License Hospitals are the applicant hospital.

In Exhibit C.5, page 18, the applicant provides projected utilization for the applicant hospital (WakeMed Raleigh License Hospitals) during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY26	FY27	FY28
# of Patient Days	209,326	211,636	210,616

Source: Exhibit C.5, page 18.

Therefore, the application is conforming with this Rule.

- C- **UNC Rex Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. There are three hospital campuses (2 existing and 1 proposed) on the UNC Rex license: UNC Rex Hospital (existing), UNC Rex Holly Springs Hospital (existing) and UNC Rex Wake Forest (proposed via an application filed concurrently in this review) hereinafter referred to as UNC Rex licensed hospitals. Therefore, the applicant hospital is comprised of the UNC Rex licensed hospitals.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY27	FY28	FY29
# of Patient Days	158,467	162,966	167,592

Source: Section Q, Form C.1b *UNC Health Rex License*.

- C- **UNC Rex Wake Forest.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. Duke Garner is a proposed new acute care hospital that, if approved, would operate under the license of UNC Rex Raleigh. There are three hospital campuses (2 existing and 1 proposed) on the UNC Rex Raleigh license: UNC Rex Hospital (existing), UNC Rex Holly Springs Hospital (existing) and UNC Rex Wake Forest (proposed via an application filed concurrently in this review) hereinafter referred to as UNC Rex licensed hospitals. Therefore, the applicant hospital is comprised of the UNC Rex licensed hospitals.

In Section Q, Form C.1b-*UNC Health Rex License*, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY31	FY32	FY33
# of Patient Days	178,171	183,703	189,402

Source: Section Q, Form C.1b-*UNC Health Rex License*.

Therefore, the application is conforming with this Rule.

- C- **Duke Raleigh.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. There are three hospital campuses (1 existing, 1 approved but undeveloped, and 1 proposed) on the DRAH license: Duke Raleigh (existing), Duke Cary (approved but undeveloped) and Duke Garner (proposed via an application filed concurrently in this review) hereinafter referred to as the Duke Raleigh licensed hospitals. Therefore, the applicant hospital is comprised of the Duke Raleigh licensed hospitals.

In Section Q, Form C.1b, page 145, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY29	FY30	FY31
# of Patient Days	64,062	73,010	77,385

Source: Section Q, Form C.1b, page 145.

Therefore, the application is conforming with this Rule.

- C- **Duke Cary.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. Duke Cary is on the Duke Raleigh hospital license. There are three hospital campuses (1 existing, 1 approved but undeveloped, and 1 proposed) on the DRAH license: Duke Raleigh (existing), Duke Cary (approved but undeveloped) and Duke Garner (proposed via an application filed concurrently in this review) hereinafter referred to as the Duke Raleigh licensed hospitals. Therefore, the applicant hospital is comprised of the Duke Raleigh licensed hospitals.

In Section Q, Form C.1b, page 159, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY30	FY31	FY32
# of Patient Days	73,010	77,386	81,338

Source: Section Q, Form C.1b, page 159.

- C- **Duke Garner.** Per the definition section in 10A NCAC 14C .3801(1) above, “applicant hospital” means the hospital where the applicant proposed to develop the new acute care beds and includes all campuses on one license. Duke Garner is a proposed new acute care hospital that, if approved, would operate under the Duke Raleigh hospital license. There are three hospital campuses (1 existing, 1 approved but undeveloped, and 1 proposed) on the DRAH license: Duke Raleigh (existing), Duke Cary (approved but undeveloped) and Duke Garner (proposed) hereinafter referred to as the Duke Raleigh licensed hospitals. Therefore, the applicant hospital is comprised of the Duke Raleigh licensed hospitals.



In Section Q, Form C.1b, page 156, the applicant provides projected utilization for the applicant hospital during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY29	FY30	FY31
# of Patient Days	64,062	73,010	77,386

Source: Section Q, Form C.1b, page 156.

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;*

**-NC- Novant Knightdale.** The applicant hospital is solely comprised of the proposed Novant Knightdale hospital. In Section Q, Form C.1b, page 147, the applicant projects 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 set forth in 10A NCAC 14C .3801(10) as shown in the table below.

**Novant Knightdale Projected Occupancy Rate**

	3 <sup>rd</sup> FFY CY 2032
# of AC beds*	36
# of Patient Days	9,229
ADC [Patient Days/365]	25.29
Projected Occupancy Rate [ADC/Beds]	70.3%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	66.7%

Source: Form C.1b, page 147.

\*Existing, approved, and proposed AC beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- WakeMed North.** The applicant hospital is the WakeMed Raleigh License Hospitals.

In Exhibit C.5, pages 16-17, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Raleigh License Hospitals) during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of Acute Care Beds*	644
# of Patient Days**	213,815
ADC [Patient Days/365]	585.79
Projected Occupancy Rate [ADC/Beds]	90.96%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 16-17.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Raleigh License Hospital: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed North	71	0	25	96
WakeMed Raleigh	539*	0	0	539
WakeMed Garner	0	9	0	9
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>	<b>25</b>	<b>644</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh. At the time of this review WakeMed Garner has not yet been developed. Therefore the 22 existing AC beds that will be transferred to WakeMed Garner are still located at WakeMed Raleigh. The 539 existing AC beds at WakeMed Raleigh include those 22 existing AC beds that will be transferred to WakeMed Garner.

**Table #2: WakeMed Raleigh License Hospitals: Projected Patient Days**

	<b>FY2031 Patient Days</b>
WakeMed North*	34,814
WakeMed Raleigh**	170,347
WakeMed Garner**	8,654
<b>Total Patient Days (the Applicant Hospital)</b>	<b>213,815</b>

\*Source: Form C.1b, page 139, and Exhibit C.5, pages 16-17.

\*\* See Exhibit C.5, pages 16-17.

As shown in the table above, the applicant projects 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 WakeMed North project of

90.96% which exceeds the target occupancy percentage 78.0%. Therefore, the application is conforming with this Rule.

**-C- WakeMed Cary.** The applicant hospital is WakeMed Cary.

In Exhibit C.5, pages 5-6, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Cary) during each the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Cary: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2029</b>
# of AC beds*	224
# of Patient Days	71,788
ADC [Patient Days/365]	196.68
Projected Occupancy Rate [ADC/Beds]	87.8%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	71.4%

Source: Exhibit C.5, pages 5-6.

\*See Table #1 below.

**Table #1: WakeMed Cary: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	24	224
Total AC Beds	200	0	24	224

As shown in the table above, the applicant projects 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 WakeMed Cary project of 87.8% which exceeds the target occupancy percentage of 71.4%. Therefore, the application is conforming with this Rule.

**-C- WakeMed Raleigh.** The applicant hospital is the WakeMed Raleigh License Hospitals.

In Exhibit C.5, pages 17-18, the applicant provides the projected occupancy rate for the applicant hospital (WakeMed Raleigh License Hospitals) during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2028</b>
# of AC beds*	640
# of Patient Days**	210,616
ADC [Patient Days/365]	577.03
Projected Occupancy Rate [ADC/Beds]	90.16%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 17-18.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Raleigh License Hospital: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
WakeMed North	71	0	0	71
WakeMed Raleigh	539*	0	21	560
WakeMed Garner	0	9	0	9
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>		<b>640</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh. At the time of this review WakeMed Garner has not yet been developed. Therefore the 22 existing AC beds that will be transferred to WakeMed Garner are still located at WakeMed Raleigh. The 539 existing AC beds at WakeMed Raleigh include those 22 existing AC beds that will be transferred to WakeMed Garner.

**Table #2: WakeMed Raleigh License Hospitals: Projected Patient Days**

	<b>FY2028 Patient Days</b>
WakeMed Raleigh*	181,102
WakeMed N**	23,246
WakeMed Garner**	6,268
<b>Total Patient Days (the Applicant Hospital)</b>	<b>210,616</b>

\*Source: Form C.1b, page 135, and Exhibit C.5, pages 17-18.

\*\* See Exhibit C.5, pages 17-18.

As shown in the table above, the applicant projects 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 WakeMed Raleigh project of 90.16% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Raleigh.** The applicant hospital is the UNC Rex License Hospitals.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides the projected occupancy rate for the applicant hospital during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2029</b>
# of AC beds*	506
# of Patient Days**	167,592
ADC [Patient Days/365]	459.16
Projected Occupancy Rate [ADC/Beds]	90.74%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	20	456
UNC Rex Holly Springs	50	0	0	50
Total AC Beds	468	18	20	<b>506</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex License Hospitals: Projected Patient Days**

	<b>FY2029 Patient Days</b>
UNC-Raleigh	153,651
UNC- Holly Springs	13,941
Total Patient Days (the Applicant Hospital)	167,592

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

As shown in the table above, the applicant projects 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 UNC Rex Raleigh project of 90.74% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Wake Forest.** The applicant hospital is the UNC Rex License Hospitals.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides the projected occupancy rate for the UNC Hospital System during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2033</b>
# of AC beds*	536
# of Patient Days	189,402
ADC [Patient Days/365]	518.91
Projected Occupancy Rate [ADC/Beds]	96.81%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Section Q, Form C.1b *UNC Health Rex License*

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	0	436
UNC Rex Holly Springs	50	0	0	50
UNC Rex Wake Forest	0	0	50	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>50</b>	<b>536</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex License Hospitals: Projected Patient Days**

	<b>FY2033 Patient Days</b>
UNC Rex Raleigh*	160,781
UNC Rex Holly Springs*	15,593
UNC Rex Wake Forest***	13,029
<b>Total Patient Days (the Applicant Hospital)</b>	<b>189,402</b>

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

\*See Form C Utilization-Assumptions and Methodology Table 2-14.

\*\*\*See Form C.1b for UNC Health Rex Wake Forest Hospital.

As shown in the table above, the applicant projects 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 UNC Rex Wake Forest project of 90.74% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- Duke Raleigh.** The Duke Raleigh License Hospitals are the applicant hospital.

In Section Q, Form C.1b, page 145, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of AC beds*	245
# of Patient Days**	77,385
ADC [Patient Days/365]	212
Projected Occupancy Rate [ADC/Beds]	86.53%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 141-145.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Raleigh License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	41	205
Duke Cary*	0	40	0	40
Duke Garner	0	0	0	0
<b>Total AC Beds</b>	<b>164</b>	<b>40</b>	<b>41</b>	<b>245</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Raleigh License Hospitals: Projected Patient Days**

	<b>FY2031 Patient Days</b>
Duke Raleigh	60,748
Duke Cary	13,565
Duke Garner*	3,073
<b>Total Patient Days (the Applicant Hospital)</b>	<b>77,386</b>

Source: Source: Section Q, Form C.1b, pages 141-145.

\*The project analyst notes that in a concurrently filed application in this review Duke Garner proposes developing 12 new AC beds and the projected patient days for FY2031 from that proposed project are included here. However, under the definition of proposed beds those 12 beds are not considered proposed beds in this stand-alone review of the Duke Raleigh application. To be conservative, the project analyst included the projected 3,073 patient days at Duke Garner for FY2031. Furthermore, even if the proposed 12 AC beds had been included in projecting occupancy for Duke Raleigh License Hospitals in FY2031 the projected occupancy would be 82.49% [ADC of 212/ 257 beds (245+12) = 82.49%] which exceeds the target occupancy of 75.2%.

As shown in the table above, the applicant projects 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 Duke Raleigh project of 86.53% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

**-C- Duke Cary.** The Duke Raleigh License Hospitals are the applicant hospital.

In Section Q, Form C.1b, page 156, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2032</b>
# of AC beds*	221
# of Patient Days**	81,338
ADC [Patient Days/365]	222.84
Projected Occupancy Rate [ADC/Beds]	100.8%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 158-159.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Raleigh License Hospitals: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	17	57
Duke Garner	0	0	0	0
<b>Total AC Beds</b>	<b>164</b>	<b>40</b>	<b>17</b>	<b>221</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.



**Table #2: Duke Raleigh License Hospitals: Projected Patient Days**

	<b>FY2032</b>
	<b>Patient Days</b>
Duke Raleigh	61,753
Duke Cary	16,466
Duke Garner*	3,119
Total Patient Days (the Applicant Hospital)	81,338

Source: Section Q, Form C.1b, pages 158-159.

\*The project analyst notes that in a concurrently filed application in this review Duke Garner proposes developing 12 new AC beds and the projected patient days for FY2031 from that proposed project are included here. However, under the definition of proposed beds those 12 beds are not considered proposed beds in this stand-alone review of the Duke Raleigh application. To be conservative, the project analyst included the projected 3,119 patient days at Duke Garner for FY2032. Furthermore, even if the proposed 12 AC beds had been included in projecting occupancy for Duke Raleigh License Hospitals in FY2032 the projected occupancy would be 95.6% [ADC of 22.84/ 233 beds (221+12) = 95.64%] which exceeds the target occupancy of 75.2%.

As shown in the table above, the applicant projects 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 Duke Cary project of 100.8% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

**-C- Duke Garner.** The Duke Raleigh License Hospitals are the applicant hospital.

In Section Q, Form C.1b, pages 155-156, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Raleigh License Hospitals: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of AC beds*	216
# of Patient Days	77,386
ADC [Patient Days/365]	212
Projected Occupancy Rate [ADC/Beds]	98.15%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 155- 156.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Raleigh License Hospitals: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	0	40
Duke Garner	0	0	12	12
Total AC Beds	164	40	12	<b>216</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Raleigh License Hospitals: Projected Patient Days**

	FY2031 Patient Days
Duke Raleigh	60,748
Duke Cary	13,565
Duke Garner	3,073
Total Patient Days (the Applicant Hospital)	77,386

Source: Section Q, Form C.1b, pages 155-156.

As shown in the table above, the applicant projects 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 Duke Garner project of 98.15% which exceeds the target occupancy percentage of 75.2%. 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;*

**-NC- Novant Knightdale.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The proposed service area is Wake County. The applicant is Novant. The hospital system is the Novant Hospital System. Neither the applicant nor any related entity own or operate a hospital in Wake County. Thus, the Novant Hospital System consists solely of the proposed Novant Knightdale acute care hospital. In Section Q, Form C.1b, page 147, the applicant provides projected utilization for the Novant Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Novant Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FFY CY2030</b>	<b>2<sup>nd</sup> FFY CY2031</b>	<b>3<sup>rd</sup> FFY CY 2032</b>
# of Patient Days	8,865	9,049	9,229

Source: Form C.1b, page 147.

\*Existing, approved, and proposed AC beds for the applicant hospital.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

- C- **WakeMed North.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Cary, WakeMed Raliegh, WakeMed North and WakeMed Garner (approved but not yet developed). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, page 18, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY FY29</b>	<b>2<sup>nd</sup> FY FY30</b>	<b>3rdFY FY31</b>
# of Patient Days (Utilization)	281,429	283,800	287,215

Source: Exhibit C.5, page 18.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Cary.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Cary, WakeMed Raliegh, WakeMed North and WakeMed Garner (approved but not yet developed). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, page 6, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	FY27	FY28	FY29
# of Patient Days	283,767	281,854	281,429

Source: Exhibit C.5, page 6.

Therefore, the application is conforming with this Rule.

- C- **WakeMed Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is WakeMed. The proposed service area is Wake County. WakeMed owns or operates four hospitals in Wake County: WakeMed Cary, WakeMed Raliegh, WakeMed North and WakeMed Garner (approved but not yet developed). The hospital system is also referred to as the WakeMed Hospital System.

In Exhibit C.5, page 17, the applicant provides projected utilization for the WakeMed Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	FY26	FY27	FY28
# of Patient Days	278,468	283,767	281,854

Source: Exhibit C.5, page 17.

Therefore, the application is conforming with this Rule.

- C- **UNC Rex Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is Rex Inc. The proposed service area is Wake County. Rex Inc. owns or operates three hospitals in Wake County: UNC Rex Hospital (existing), UNC Rex Holly Springs Hospital (existing) and UNC Rex Wake Forest (proposed via an application filed concurrently in this review) which are all under, or proposed to be under, the same license. The hospital system is also referred to as the UNC Hospital System.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides projected utilization for the UNC Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
# of Patient Days	158,467	162,966	167,592

Source: Section Q, Form C.1b *UNC Health Rex License*.

Therefore, the application is conforming with this Rule.

- C- **UNC Rex Wake Forest.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is Rex Inc. The proposed service area is Wake County. Rex Inc. owns or operates three hospitals in Wake County: UNC Rex Hospital (existing), UNC Rex Holly Springs Hospital (existing) and UNC Rex Wake Forest (proposed via this application) which are all under, or proposed to be under, the same license. The hospital system is also referred to as the UNC Hospital System.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides projected utilization for the UNC Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Utilization for AC Beds**

	<b>1<sup>st</sup> FY</b>	<b>2<sup>nd</sup> FY</b>	<b>3rdFY</b>
	<b>FY31</b>	<b>FY32</b>	<b>FY33</b>
# of Patient Days	178,171	183,703	189,402

Source: Section Q, Form C.1b *UNC Health Rex License*.

Therefore, the application is conforming with this Rule.

- C- **Duke Raleigh.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is DUHS. The hospital system is also referred to as the Duke Hospital System. The proposed service area is Wake County. DUHS owns or operates three hospitals in Wake County: Duke Raleigh (existing), Duke Cary (approved but not developed) and Duke Garner (proposed via a concurrent application filed in this review).

In Section Q, Form C.1b, page 145, the applicant provides projected utilization for the Duke Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	FY29	FY30	FY31
# of Patient Days	64,061	73,010	77,386

Source: Section Q, Form C.1b, page 145.

Therefore, the application is conforming with this Rule.

- C- **Duke Cary.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is DUHS. The hospital system is also referred to as the Duke Hospital System. The proposed service area is Wake County. DUHS owns or operates three hospitals in Wake County: Duke Raleigh (existing), Duke Cary (approved but not developed) and Duke Garner (proposed via a concurrent application filed in this review).

In Section Q, Form C.1b, page 159, the applicant provides projected utilization for the Duke Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3rdFY
	FY30	FY31	FY32
# of Patient Days	73,010	77,386	81,338

Source: Section Q, Form C.1b, page 159.

- C- **Duke Garner.** Per the definition section in 10A NCAC 14C .3801(5) above, “hospital system” means all hospitals in the proposed service area owned or operated by the applicant or a related entity. The applicant is DUHS. The hospital system is also referred to as the Duke Hospital System. The proposed service area is Wake County. DUHS owns or operates three hospitals in Wake County: Duke Raleigh (existing), Duke Cary (approved but not developed) and Duke Garner (proposed via a concurrent application filed in this review).

In Section Q, Form C.1b, page 156, the applicant provides projected utilization for the Duke Hospital System during each of the first three full fiscal years of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Utilization for AC Beds**

	1 <sup>st</sup> FY	2 <sup>nd</sup> FY	3 <sup>rd</sup> FY
	FY29	FY30	FY31
# of Patient Days	64,061	73,010	77,386

Source: Section Q, Form C.1b, page 156.

\*Existing, approved, and proposed AC beds for the applicant hospital.

Therefore, the application is conforming with this Rule.

- (5) *project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of:*

- (a) 66.7 percent if the ADC is less than 100;
- (b) 71.4 percent if the ADC is 100 to 200;
- (c) 75.2 percent if the ADC is 201 to 399; or
- (d) 78.0 percent if the ADC is greater than 400; and

**-NC- Novant Knightdale.** The hospital system is the Novant Hospital System which is comprised solely of the proposed Novant Knightdale Hospital. In Section Q, Form C.1b, page 147, the applicant projects an average occupancy rate of the existing, approved and proposed acute care beds for the Novant Hospital System during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage as shown in the table below.

**Novant Hospital System: Projected Average Occupancy Rate**

	3 <sup>rd</sup> FFY CY 2032
# of AC beds*	36
# of Patient Days	9,229
ADC [Patient Days/365]	25.28
Projected Occupancy Rate [ADC/Beds]	70.2%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	66.7%

Source: Form C.1b, page 147.

\*Existing, approved, and proposed AC beds for the Novant Hospital System.

However, projected utilization is not reasonable or adequately supported therefore the application is not conforming with this Rule. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- WakeMed North.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 16-17, the applicant provides projected average occupancy rate

for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY31</b>
# of AC beds*	844
# of Patient Days**	287,215
ADC [Patient Days/365]	786.89
Projected Occupancy Rate [ADC/Beds]	93.23%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5, pages 16-17.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	0	200
WakeMed North	71	0	25	96
WakeMed Raleigh	539*	0	0	539
WakeMed Garner	0	9	0	9
<b>Total AC Beds</b>	<b>610</b>	<b>9</b>	<b>25</b>	<b>844</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh. At the time of this review WakeMed Garner has not yet been developed. Therefore the 22 existing AC beds that will be transferred to WakeMed Garner are still located at WakeMed Raleigh. The 539 existing AC beds at WakeMed Raleigh include those 22 existing AC beds that will be transferred to WakeMed Garner.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>FY2031 Patient Days</b>
WakeMed Cary	73,400
WakeMed North	34,814
WakeMed Raleigh	170,347
WakeMed Garner	8,654
<b>Total Patient Days (the Applicant Hospital)</b>	<b>287,215</b>

\*Source: See Exhibit C.5, pages 16-17.

As shown in the table above, the applicant projects 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 WakeMed North project of 93.23% which exceeds the target occupancy percentage 78.0%. Therefore, the application is conforming with this Rule.



**-C- WakeMed Cary.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 5-6, the applicant provides projected average occupancy rate for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2029</b>
# of AC beds*	843
# of Patient Days	281,429
ADC [Patient Days/365]	771.04
Projected Occupancy Rate [ADC/Beds]	91.46%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	24	224
WakeMed North	71	0	0	71
WakeMed Raleigh	539*	0	0	539
WakeMed Garner	0	9	0	9
<b>Total AC Beds</b>	<b>810</b>	<b>9</b>	<b>24</b>	<b>843</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh. At the time of this review WakeMed Garner has not yet been developed. Therefore the 22 existing AC beds that will be transferred to WakeMed Garner are still located at WakeMed Raleigh. The 539 existing AC beds at WakeMed Raleigh include those 22 existing AC beds that will be transferred to WakeMed Garner.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>3rdFY FY29</b>
WakeMed Cary	71,788
WakeMed North	34,089
WakeMed Raleigh	168,105
WakeMed Garner	7,447
<b>Total: WakeMed Hospital System</b>	<b>281,429</b>

As shown in the table above, the applicant projects 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 WakeMed Cary project of 91.46% which exceeds the target occupancy percentage of 71.4%. Therefore, the application is conforming with this Rule.

**-C- WakeMed Raleigh.** The hospital system is the WakeMed Hospital System. In Exhibit C.5, pages 17-18, the applicant provides projected average occupancy rate for the WakeMed Hospital System during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**WakeMed Hospital System: Projected Average Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2028</b>
# of AC beds*	840
# of Patient Days**	281,854
ADC [Patient Days/365]	772.2
Projected Occupancy Rate [ADC/Beds]	91.93%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Exhibit C.5.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: WakeMed Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
WakeMed Cary	200	0	0	200
WakeMed North	71	0	0	71
WakeMed Raleigh	539*	0	21	560
WakeMed Garner	0	9	0	9
<b>Total AC Beds</b>	<b>810</b>	<b>9</b>	<b>21</b>	<b>840</b>

\*In Project ID# J-12264-22 WakeMed Garner was approved for 31 AC beds [9 new beds from the 2022 SMFP need determinations and 22 existing AC beds to be transferred from WakeMed Raleigh. At the time of this review WakeMed Garner has not yet been developed. Therefore the 22 existing AC beds that will be transferred to WakeMed Garner are still located at WakeMed Raleigh. The 539 existing AC beds at WakeMed Raleigh include those 22 existing AC beds that will be transferred to WakeMed Garner.

**Table #2: WakeMed Hospital System: Projected Patient Days**

	<b>3<sup>rd</sup>FY FY28</b>
WakeMed Cary	71,238
WM- North	23,246
WM-Raleigh	181,102
WM-Garner	6,268
<b>Total: Hospital System</b>	<b>281,854</b>

Source: Exhibit C.5, page 18.

As shown in the table above, the applicant projects 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 WakeMed Raleigh project

of 91.93% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Raleigh.** The hospital system is the UNC Hospital System. Since all the hospitals in the UNC Rex Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides the projected occupancy rate for the applicant hospital during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2029</b>
# of AC beds*	506
# of Patient Days**	167,592
ADC [Patient Days/365]	459.16
Projected Occupancy Rate [ADC/Beds]	90.74%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
UNC Rex Raleigh	418	18*	20	456
UNC Rex Holly Springs	50	0	0	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>20</b>	<b>506</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex Hospital System: Projected Patient Days**

	<b>FY2029 Patient Days</b>
UNC-Raleigh	153,651
UNC- Holly Springs	13,941
<b>Total Patient Days (the Applicant Hospital)</b>	<b>167,592</b>

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

As shown in the table above, the applicant projects 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 UNC Rex Raleigh project of 90.74% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- UNC Rex Wake Forest.** The hospital system is the UNC Rex Hospital System. Since all the hospitals in the UNC Rex Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b *UNC Health Rex License*, the applicant provides the projected occupancy rate for the UNC Hospital System during each of the third full fiscal year of operation following completion of the project as illustrated in the following table.

**UNC Rex Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2033</b>
# of AC beds*	536
# of Patient Days	189,402
ADC [Patient Days/365]	518.91
Projected Occupancy Rate [ADC/Beds]	96.81%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	78.0%

Source: Section Q, Form C.1b *UNC Health Rex License*

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: UNC Rex Hospital System: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
UNC Rex Raleigh	418	18*	0	436
UNC Rex Holly Springs	50	0	0	50
UNC Rex Wake Forest	0	0	50	50
<b>Total AC Beds</b>	<b>468</b>	<b>18</b>	<b>50</b>	<b>536</b>

\*In Project ID# J-12259-22 UNC Rex Raleigh received a certificate of need for 18 new acute care beds. At the time of this review those 18 AC beds have not yet been developed.

**Table #2: UNC Rex Hospital System: Projected Patient Days**

	<b>FY2033</b>
	<b>Patient Days</b>
UNC Rex Raleigh*	160,781
UNC Rex Holly Springs*	15,593
UNC Rex Wake Forest***	13,029
Total Patient Days (the Applicant Hospital)	189,402

Source: Form C.1b for UNC Health Rex License and Form C Utilization-Assumptions and Methodology.

\*See Form C Utilization-Assumptions and Methodology Table 2-14.

\*\*\*See Form C.1b for UNC Health Rex Wake Forest Hospital.

As shown in the table above, the projects 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 UNC Rex Wake Forest project of 90.74% which exceeds the target occupancy percentage of 78.0%. Therefore, the application is conforming with this Rule.

**-C- Duke Raleigh.** The hospital system is the Duke Hospital System. Since all the hospitals in the Duke Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b, page 145, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of AC beds*	245
# of Patient Days**	77,385
ADC [Patient Days/365]	212
Projected Occupancy Rate [ADC/Beds]	86.53%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 141-145.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Hospital System: Existing, Approved and Proposed AC Beds**

	Existing	Approved	Proposed	Total
Duke Raleigh*	164	0	41	205
Duke Cary*	0	40	0	40
Duke Garner	0	0	0	0
Total AC Beds	164	40	41	<b>245</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Hospital System: Projected Patient Days**

	FY2031 Patient Days
Duke Raleigh	60,748
Duke Cary	13,565
Duke Garner*	3,073
Total Patient Days (the Applicant Hospital)	77,386

Source: Source: Section Q, Form C.1b, pages 141-145.

\*The project analyst notes that in a concurrently filed application in this review Duke Garner proposes developing 12 new AC beds and the projected patient days for FY2031 from that proposed project are included here. However, under the definition of proposed beds those 12 beds are not considered proposed beds in this stand-alone review of the Duke Raleigh application. To be conservative, the project analyst included the projected 3,073 patient days at Duke Garner for FY2031. Furthermore, even if the proposed 12 AC beds had been included in projecting occupancy for Duke Raleigh License Hospitals in FY2031 the projected occupancy would be 82.49% [ADC of 212/ 257 beds (245+12) = 82.49%] which exceeds the target occupancy of 75.2%.

As shown in the table above, the applicant projects 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 Duke Raleigh project of 86.53% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

- C- **Duke Cary.** The hospital system is the Duke Hospital System. Since all the hospitals in the Duke Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b, page 156, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2032</b>
# of AC beds*	221
# of Patient Days**	81,338
ADC [Patient Days/365]	222.84
Projected Occupancy Rate [ADC/Beds]	100.8%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 158-159.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	17	57
Duke Garner	0	0	0	0
<b>Total AC Beds</b>	<b>164</b>	<b>40</b>	<b>17</b>	<b>221</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.

**Table #2: Duke Hospital System: Projected Patient Days**

	<b>FY2032 Patient Days</b>
Duke Raleigh	61,753
Duke Cary	16,466
Duke Garner*	3,119
<b>Total Patient Days (the Applicant Hospital)</b>	<b>81,338</b>

Source: Section Q, Form C.1b, pages 158-159.

\*The project analyst notes that in a concurrently filed application in this review Duke Garner proposes developing 12 new AC beds and the projected patient days for FY2031 from that proposed project are included here. However, under the definition of proposed beds those 12 beds are not considered proposed beds in this stand-alone review of the Duke Raleigh application. To be conservative, the project analyst included the projected 3,119 patient days at Duke Garner for FY2032. Furthermore, even if the proposed 12 AC beds had been included in projecting occupancy for Duke Raleigh License Hospitals in FY2032 the projected occupancy would be 95.6% [ADC of 22.84/ 233 beds (221+12) = 95.64%] which exceeds the target occupancy of 75.2%.

As shown in the table above, the applicant projects 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 Duke Cary project of 100.8% which exceeds the target occupancy percentage of 75.2%. Therefore, the application is conforming with this Rule.

- C- **Duke Garner.** The hospital system is the Duke Hospital System. Since all the hospitals in the Duke Hospital system are under the same license the response to this Rule is the same as the response in subsection (3) above.

In Section Q, Form C.1b, pages 155-156, the applicant provides the projected occupancy rate for the applicant hospital during the third full fiscal year of operation following completion of the project as illustrated in the following table.

**Duke Hospital System: Projected Occupancy Rate**

	<b>3<sup>rd</sup> FFY FY2031</b>
# of AC beds*	216
# of Patient Days	77,386
ADC [Patient Days/365]	212
Projected Occupancy Rate [ADC/Beds]	98.15%
Target Occupancy Rate per Rule 10A NCAC 14C .3803 (5).	75.2%

Source: Section Q, Form C.1b, pages 155- 156.

\*See Table #1 below.

\*\*See Table #2 below.

**Table #1: Duke Hospital System: Existing, Approved and Proposed AC Beds**

	<b>Existing</b>	<b>Approved</b>	<b>Proposed</b>	<b>Total</b>
Duke Raleigh*	164	0	0	164
Duke Cary*	0	40	0	40
Duke Garner	0	0	12	12
<b>Total AC Beds</b>	<b>164</b>	<b>40</b>	<b>12</b>	<b>216</b>

In Project ID #J-12029-21 the applicant was approved to develop Duke Cary hospital by relocating 40 AC beds and 2 ORs from Duke Raleigh. Duke Cary is currently under development. Duke Raleigh has 204 existing AC beds. However, for clarity in this table, the project analyst shows those 40 AC beds in the “approved” column for Duke Cary even though they are already existing beds at Duke Raleigh. The number of existing beds for Duke Raleigh reflects those 40 AC beds as attached to Duke Cary.



**Table #2: Duke Hospital System: Projected Patient Days**

	<b>FY2031</b>
	<b>Patient Days</b>
Duke Raleigh	60,748
Duke Cary	13,565
Duke Garner	3,073
Total Patient Days (the Applicant Hospital)	77,386

Source: Section Q, Form C.1b, pages 155-156.

As shown in the table above, the applicant projects 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 Duke Garner project of 98.15% which exceeds the target occupancy percentage of 75.2%. 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.*

**-NC- Novant Knightdale.** In Section Q, Form C.1b and Form C.1b Assumptions and Methodology, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

However, projected utilization is not reasonable or adequately supported. The discussion regarding analysis of need, including projected utilization, found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

**-C- WakeMed North.** In Section Q, Form C.1.a, Form C.1b and Section Q; WakeMed North Need and Utilization Methodology, pages 138-164, Exhibit C.5, Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-12537-24 (develop 24 AC beds at WakeMed Cary) and Project ID# J-12538-24 (develop 21 AC bed at WakeMed Raleigh; and the approved WakeMed Garner application (Project ID#J-12264-22), the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

**-C- WakeMed Cary.** In Section Q, Form C.1.a, Form C.1b and Section Q; WakeMed North Need and Utilization Methodology, pages 134-159, Exhibit C.5, Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-

12536-24 (develop 25 AC beds at WakeMed North) and Project ID# J-12538-24 (develop 21 AC bed at WakeMed Raleigh; and the approved WakeMed Garner application (Project ID#J-12264-22) the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **WakeMed Raleigh.** In Section Q, Form C.1.a, Form C.1b and Section Q; WakeMed North Need and Utilization Methodology, pages 134-165, Exhibits C.2 and C.5, Section Q in two applications filed concurrently by the applicant in this review: Project ID#J-12536-24 (develop 25 AC beds at WakeMed North) and Project ID# J-12537-24 (develop 24 AC beds at WakeMed Cary); and the approved WakeMed Garner application (Project ID#J-12264-22) the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **UNC Rex Raleigh.** In Section Q, Form C.1a, Form C.1b and Form C Utilization-Assumptions and Methodology, pages 1-24, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- **UNC Rex Wake Forest.** In Section Q, Form C.1a, Form C.1b and Form C Utilization-Assumptions and Methodology, pages 1-45, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- Duke Raleigh.** In Section Q, Form C.1a, Form C.1b, Form D.1 and Assumptions and Methodology pages 138-176, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- Duke Cary.** In Section Q, Form C.1a, Form C.1b, Form D.1 and Assumptions and Methodology, pages 153-220, the applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

- C- Duke Garner.** In Section Q, Form C.1a, Form C.1b and Assumptions and Methodology, pages 150-214, applicant provides the assumptions and methodology used in the development of the projections required by this Rule.

The assumptions, methodology and projected utilization are reasonable and adequately supported based on the application, exhibits to the application, written comments, responses to comments, remarks made at the public hearing, and information publicly available during the review and used by the Agency.

## COMPARATIVE ANALYSIS FOR OPERATING ROOMS

Pursuant to G.S. 131E-183(a)(1) and the 2024 SMFP, no more than four operating rooms may be approved for Wake County in this review. Because the seven applications in this review applying for operating rooms collectively propose to develop thirteen additional operating rooms, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposals should be approved.

Because of the significant differences in types of facilities, numbers of total ORs, numbers of projected surgeries, types of proposed surgical services offered, total revenues and expenses, and the differences in presentation of pro forma financial statements, some comparative factors 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.

Below is a brief description of each project included in the Operating Room Comparative Analysis:

- Project ID #J-12533-24/ **WakeMed North**/ Develop 2 ORs
- Project ID #J-12534-24/ **Novant Knightdale**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12535-24/ **WakeMed Raleigh**/ Develop 2 ORs
- Project ID #J-12542-24/ **UNC Rex Raleigh**/ Develop 20 AC Beds and 2 ORs
- Project ID #J-12543-24/ **UNC Rex Wake Forest**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12547-24/ **Duke Raleigh**/ Develop 3 ORs
- Project ID #J-12549-24/ **Duke Garner**/ Develop a new hospital with 12 AC beds and 1 OR

### Conformity with Statutory and Regulatory Review Criteria [ORs]

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

The applications for WakeMed North, WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh and Duke Garner are conforming with all applicable statutory and regulatory review criteria.

However, the application submitted for Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved.

### **Scope of Services [ORs]**

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

All seven of the applications propose to develop operating room(s) in existing, approved but not yet developed, or proposed acute care hospitals which provide, or will provide, numerous types of surgical services, both inpatient and outpatient in a hospital.

WakeMed Raleigh, as a tertiary care hospital and the only Level 1 trauma center in the service area, is the most effective alternative. UNC Rex Raleigh is a tertiary care hospital and is the more effective alternative.

WakeMed North, Novant Knightdale, UNC Rex Wake Forest and Duke Raleigh, are existing or proposed community hospitals and are each less effective alternatives. Duke Garner, a proposed very small community hospital (12 AC beds and one OR), is the least effective alternative.

### **Geographic Accessibility [ORs]**

If an applicant proposes to locate the health service/asset in a facility or location where there is already that health service/asset, then the proposal offers no greater geographic accessibility. If an applicant proposes to locate the health service/asset in a facility or location where there is not currently any of those health services/assets, then it is a more effective alternative. If all applicants are proposing to locate their health service/asset in facilities or locations that already operate those services, then they are equally effective because residents have the same geographic access they had previously.

There are seven applications proposing to develop new ORs. Four of the applications [WakeMed North, WakeMed Raleigh, UNC Rex Raleigh and Duke Raleigh] propose to add new ORs in an existing facility that already has existing or approved ORs while three of the applications [Novant

Knightsdale; UNC Rex Wake Forest and Duke Garner] propose to develop ORs at a new facility at a location that does not currently have existing or approved ORs. See the table below.

Hospitals	Total ORs prior to this review.*	ORs proposed in this review	Address	Location within Wake County	Existing	New
	A	B	C	D	E	F
Duke Cary	2	0	Cary	Western	Approved	
UNC Rex Holly Springs	3	0	Holly Springs	Western	Existing	
WakeMed Cary	10	0	Cary	Central/West	Existing	
Duke Raleigh	13	3	Raleigh	Central	Existing	
UNC Rex Raleigh	25	2	Raleigh	Central	Existing	
WakeMed Raleigh	19	2	Raleigh	Central	Existing	
WakeMed North	4	2	North Raleigh	Central/North	Existing	
WakeMed Garner	2	0	Garner	South/Southeast	Approved	
UNC Rex Wake Forest	0	2	Wake Forest	Central/ North		New
Duke Garner	0	1	Garner	South/Southeast		New
Novant Knightsdale	0	1	Knightsdale	Central/East		New

\*Existing and Approved.

All of the applications in this review propose to develop new operating rooms in either existing or proposed acute care hospitals offering both inpatient (IP) and outpatient (OP) surgical services.

With regard to this comparative factor between the three applications proposing to develop hospital based operating room(s) in new locations:

- Novant Knightsdale, which proposes to locate hospital based operating rooms in the central/east area of Wake County that currently has no hospital based operating rooms and, in a town, Knightsdale, with no existing hospital based operating rooms, is the most effective alternative.
- UNC Rex Wake Forest, which proposes to locate hospital based operating rooms in the central/north area of Wake County that currently has 4 hospital based operating rooms and, in a town, Wake Forest, with no existing hospital based operating rooms, is the more effective alternative.
- Duke Garner, which proposes to locate a hospital based operating room in the south/southeast area of Wake County that currently has 2 approved hospital based operating rooms, in the same town, Garner, that already has 2 approved hospital based operating rooms, is the less effective alternative.
- WakeMed North, WakeMed Raleigh, UNC Rex Raleigh and Duke Raleigh, each propose to locate hospital based operating rooms in a facility and location which currently offers

hospital based operating rooms. Therefore, WakeMed North, WakeMed Raleigh, UNC Rex Raleigh and Duke Raleigh are all the least effective alternatives.

**Competition (Patient Access to a New or Alternative Provider) [ORs]**

Generally, the introduction of a new provider in the service area would be the more 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 operating rooms 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.

This comparative factor is evaluated per health system. As illustrated in the table below, there are four health systems, with a combined total of seven applications, that are part of this operating room review.

<b>Health Systems</b>	<b>Applications in this Review</b>	<b>Currently provide OR services in Wake County</b>
<b>WakeMed</b>	WakeMed North & WakeMed Raleigh	Yes
<b>Novant</b>	Novant Knightdale	No
<b>UNC</b>	UNC Rex Raleigh & UNC Rex Wake Forest	Yes
<b>Duke</b>	Duke Raleigh & Duke Garner	Yes

Novant Health System, via the Novant Knightdale application, would qualify as a new provider in the Wake County service area. Therefore, regarding this comparative factor, the application submitted by Novant Knightdale is the most effective alternative.

All of the three remaining health systems are existing providers of OR services in Wake County. The number of ORs controlled by each health system is shown in the table below.

**Operating Rooms in Wake County by Health System**

<b>Health System</b>	<b># of Existing and Approved ORs</b>	<b># of Hospital Based ORs</b>
<b>WakeMed</b>	44	35
<b>UNC</b>	40	28
<b>Duke</b>	17	15

As shown in the table above, the Duke Health System has the fewest ORs (17), the UNC Health System has the next fewest ORs (40) and the WakeMed Health System has the most ORs (44). In most circumstances, based on the stated rationale of this comparative factor, Duke Health System, with the fewest ORs would be the more effective alternative, UNC Health System with the next fewest ORs would be the less effective alternative and WakeMed Health System with the most ORs would be the least effective alternative.

However, the rationale for this comparative factor, stated above, is based on the “presumption” that expansion of an existing provider that currently controls fewer ORs 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 shown in the table below the current facts do not support this “presumption” in this instance. The most recent operating room data for WakeMed, UNC and Duke Health Systems is found in the 2025 SMFP which is based on License Renewal Application (LRA) data from 10/1/2022 to 9/30/2023.

<b>Health System</b>	<b># of Existing and Approved ORs</b>	<b>Projected OR Deficit/Surplus per data for the 2024 LRA as stated in the 2025 SMFP Surplus is shown as “- “</b>	<b>Projected OR Deficit/Surplus after applying rounding “-“. *</b>
<b>WakeMed</b>	44	3.13	3
<b>UNC</b>	40	0.20	0
<b>Duke</b>	17	-3.18	-3

Source: 2025 SMFP, Table 6B: Projected Operating Room Need for 2027.

\*The 2025 SMFP, page 53, round up if 0.50 or greater.

As shown in the table above:

- WakeMed Health System has a deficit of 3.13 ORs which rounds to a deficit of 3.
- UNC Health System has a deficit of 0.20 ORs which rounds to 0.
- Duke Health System has a projected surplus of 3.18 ORs which rounds down to a surplus of 3.

Therefore, if a facility in either the UNC Health System or the Duke Health System applied for an OR based on this data both would be denied under the OR performance rules.

The rationale for expanding an existing provider when that provider has fewer ORs than another existing provider does not reasonably hold when the existing provider with the fewer ORs currently has either a projected surplus of ORs (as in the case of Duke Health System) or has a projected deficit of ORs of “0” as in the case of the UNC Health System.

In this fact pattern, between the three existing providers of operating room services, expanding the number of ORs in the WakeMed Health System, the only Health System with a projected deficit of ORs (3), would presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

Thus, as to this comparative factor, based on the above, Novant Knightdale is the most effective alternative, the WakeMed applications are the more effective alternatives, the UNC applications are the less effective alternatives and the Duke applications are the least effective alternatives.

**Access by Service Area Residents [ORs]**



On page 47, the 2024 SMFP states, “An OR’s service area is the single or multicounty grouping shown in Figure 6.1.” In Figure 6.1, page 53 of the 2024 SMFP, Wake County is shown as a single county operating room service area. The facilities in this review are in Wake County. Thus, the operating room service area for this application is Wake County. Facilities may also serve residents of counties not included in the service area.

Generally, the application projecting to serve the highest number of Wake County residents is the more effective alternative with regard to this comparative factor since the need determination is for four additional operating rooms to be located in the Wake County service area.

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

**Projected OR Surgical Services to Wake County Service Area Residents (FY3)**

Applicant	# Wake County Patients	Total Patients
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.
WakeMed North	3,935	5,853
WakeMed Raleigh	10,058	16,731
UNC Rex Raleigh	12,828	20,960
UNC Rex Wake Forest	Cannot be determined in the format provided.	Cannot be determined in the format provided.
Duke Raleigh	7,601	14,902
Duke Garner	Cannot be determined in the format provided.	1,448

\*Novant Knightdale- The number of Wake County patients projected to utilize IP OR services was not provided in the proformas in a format that can be used for this comparative factor. IP OR services was combined with other IP services “Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.” (See the patient origin table for Inpatient Services, page 48, and Form F.2 Revenue Assumption page 201). Note re: total patients- The project analyst is uncertain of the total number of patients based on the information provided however, the project analyst notes that total patients are most likely 1,220 which is the number of total projected surgical cases from Form 3.b, page 173.

\*\*UNC Rex Wake Forest- The number of Wake County patients projected for OR services were not provided in a format that can be used for this comparative factor. The number of Wake County patients projected to receive IP OR services was combined with other IP surgical services and the number and of Wake County patients OP surgical services were combined with OP procedure room procedures. See tables on pages 41 and 42. Inpatient Services in this instance is defined as follows: “Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Levell II neonatal services, C-section procedures, therapy, laboratory, and dialysis.” See page 41 of the application.

However, as shown in the table above the number of Wake County residents proposed for operating room services for Novant Knightdale, UNC Rex Wake Forest and Duke Garner during the third full fiscal year following project completion could not be determined.

In addition, differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, designated trauma centers) at each facility, and the number and types of surgical services versus all patient services proposed by each of the facilities may impact the numbers shown in the table above. Furthermore, the SMFP need methodology for operating rooms does not consider patient origin.

Considering the discussion above, the Agency believes that in this instance attempting to compare the applicants based on the projected operating room access of residents of the Wake County service area would be ineffective. Therefore, the result of this analysis is inconclusive.

#### **Access by Underserved Groups [ORs]**

“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.”*

#### ***Projected Medicaid [ORs]***

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicaid gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

**Medicaid Patients: Operating Room Services- Project Year 3**

Applicant	Medicaid Gross Revenue	Total Gross Revenue	Medicaid Gross Revenue as a % of Total Gross Revenue
	A	B	C = A/B
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated
WakeMed North	12,537,860	\$281,939,289	4.45%
WakeMed Raleigh	\$246,839,995	\$1,571,886,451	15.70%
UNC Rex Raleigh	\$162,211,272	\$835,024,695	19.43%
UNC Rex Wake Forest**	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated
Duke Raleigh	\$32,075,274	\$672,236,434	4.77%
Duke Garner	\$1,706,258	\$51,508,875	3.31%

Source: Form F.2

\*Novant Knightdale- Gross revenue for IP OR services, either total or just for Medicaid, was not provided in the proformas in a format that can be used for this comparative factor. Gross revenue and Medicaid revenue for IP OR services were combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Gross revenue for OR services, either total or just for Medicaid, was not provided in the proformas in a format that can be used for this comparative factor. Gross revenue and Medicaid revenue for IP OR services was combined with other IP surgical services and gross revenue and Medicaid revenue for OP surgical services was combined with OP procedure rooms. See descriptive headings in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which Medicaid gross revenue as a percentage of total gross revenue could be calculated, UNC Rex Raleigh (19.43%) would be the most effective alternative; WakeMed Raleigh (15.70%) would be the more effective alternative; Duke Raleigh (4.77%) and WakeMed North (4.45%) would be the less effective alternatives; and Duke Garner (3.31%) would be the least effective alternative. However, as shown in the table above, for operating room (surgical) services the Medicaid gross revenue as a percentage of total gross revenue could not be calculated for Novant Knightdale or UNC Rex Wake Forest. Therefore, a comparison of the Medicaid gross revenue as a percentage of total gross revenue per surgical case of the seven applications could not be performed.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

***Projected Medicare [ORs]***

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicare gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

**Medicare: Operating Room Services- Project Year 3**

<b>Applicant</b>	<b>Medicare Gross Revenue</b>	<b>Total Gross Revenue</b>	<b>Medicare Gross Revenue as a % of Total Gross Revenue</b>
	<b>A</b>	<b>B</b>	<b>C = A/B</b>
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for OR services.
WakeMed North	\$104,111,062	\$281,939,289	36.93%
WakeMed Raleigh	\$636,459,924	\$1,571,886,451	40.49%
UNC Rex Raleigh	\$306,687,490	\$835,024,695	36.73%
UNC Rex Wake Forest**	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated for OR services.
Duke Raleigh	\$406,201,474	\$672,236,434	60.43%
Duke Garner	\$23,141,389	\$51,508,875	44.93%

Source: Form F.2

\*Novant Knightdale- Gross revenue for IP OR services, either total or just for Medicare, was not provided in the proformas in a format that can be used for this comparative factor. Gross revenue and Medicare revenue for IP OR services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Gross revenue for OR services, either total or just for Medicare, was not provided in a format that can be used for this comparative factor. Gross revenue and Medicare revenue for IP OR services was combined with other IP surgical services and gross revenue and Medicare revenue for OP surgical services was combined with OP procedure rooms. See descriptive headings Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which Medicare gross revenue as a percentage of total gross revenue could be calculated, Duke Raleigh (60.43%) would be the most

effective alternative; Duke Garner (44.93%) would be the more effective alternative; WakeMed Raleigh (40.49%) would be the less effective alternative; and WakeMed North (36.93%) and UNC Rex Raleigh (36.13%) would be the least effective alternatives. However, as shown in the table above, for operating room (surgical) services, the Medicare gross revenue as a percentage of total gross revenue could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the Medicare gross revenue as a percentage of total gross revenue per surgical case of the seven applications could not be performed.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

**Projected Average Net Revenue per Patient Day [ORs]**

The following table compares projected average net revenue per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient day is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

**Operating Rooms: Average Net Revenue per Surgical Case- 3<sup>rd</sup> Project Year**

Applicant	Total # of Surgical Cases	Net Revenue	Average Net Revenue per Surgical Case
	A	B	C = B/A
Novant Knightdale*	1,220	Cannot be determined in the format provided.	Cannot be Calculated
WakeMed North	5,848	\$78,200,199	\$13,372
WakeMed Raleigh	16,731	\$380,122,530	\$22,720
UNC Rex Raleigh	20,960	\$264,099,538	\$12,600
UNC Rex Wake Forest**	1,811	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	14,902	\$249,321,968	\$16,731
Duke Garner	1,448	\$15,200,900	\$10,498

Source: Form C.3b and Form F.2b.

\*Novant Knightdale- Net revenue for IP OR services was not provided in the proformas in a format that can be used for this comparative factor. Net revenue for IP OR services was combined with other IP services “*Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.*” (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Net Revenue for OR services was not provided in a format that can be used for this comparative factor. Net Revenue for IP OR services was combined with other IP surgical services and New Revenue for OP surgical services were combined with OP procedure rooms. See descriptive headings in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which the average net revenue per surgical case could be calculated, Duke Garner (\$10,498) would be the most effective alternative; UNC Rex Raleigh (\$12,600) and WakeMed North (\$13,372) would be the more effective alternatives; Duke Raleigh (\$16,731) would be the less effective alternative; and WakeMed Raleigh (\$22,720) would be the least effective alternative. However, as shown in the table above, for operating room (surgical) services, the average net revenue per surgical case could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the average net revenue per surgical case of the seven applications could not be performed.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### **Projected Average Operating Expense per Patient Day [ORs]**

The following table compares projected average operating expense per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per patient day 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.

**Operating Rooms: Average Operating Expense per Surgical Case- 3<sup>rd</sup> Project Year**

Applicant	Total # of Surgical Cases	Operating Expenses	Average Operating Expense per Surgical Case
	A	B	C = B/A
Novant Knightdale	1,220	Cannot be determined in the format provided.	Cannot be Calculated
WakeMed North	5,848	\$54,330,435	\$9,290
WakeMed Raleigh	16,731	\$215,145,793	\$12,859
UNC Rex Raleigh	20,960	\$214,579,170	10,238
UNC Rex Wake Forest	1,811	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	14,902	\$203,193,506	\$13,635
Duke Garner	1,448	\$14,005,476	\$9,672

Source: Form C. 3b and Form F.2b.

\*Novant Knightdale- Operating Expenses for IP OR services was not provided in the proformas in a format that can be used for this comparative factor. Operating Expenses for IP OR services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Operating Expenses for OR services was not provided in a format that can be used for this comparative factor. Operating Expenses for IP OR services was combined with other IP surgical services and Operating Expenses for OP surgical services were combined with OP procedure rooms. See descriptive headings in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which the average operating expense per surgical case could be calculated, WakeMed North (\$9,290) and Duke Garner (\$9,672) would be the most effective alternatives; UNC Rex Raleigh (\$10,238) would be the more effective alternative; WakeMed Raleigh (\$12,859) would be the less effective alternative; and Duke Raleigh (\$13,635) would be the least effective alternative. However, as shown in the table above, for operating room (surgical) services, the average operating expense per surgical case could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the average operating expense per surgical case of the seven applications could not be performed.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of surgical services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

**SUMMARY [ORs]**

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. Note: 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	WakeMed North	Novant Knightdale	WakeMed Raleigh
Conformity with Review Criteria	Yes-Approvable	No-Not Approvable	Yes -Approvable
Scope of Services	Less Effective	Least Effective	<b>Most Effective</b>
Geographic Accessibility	Least Effective	<b>Most Effective</b>	Least Effective
Competition (Access to New or Alternate Provider)	<b>More Effective</b>	<b>Most Effective</b>	<b>More Effective</b>
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive

Comparative Factor	UNC Rex Raleigh	UNC Rex Wake Forest	Duke Raleigh	Duke Garner
Conformity with Review Criteria	Yes- Approvable	Yes- Approvable	Yes- Approvable	Yes- Approvable
Scope of Services	<b>More Effective</b>	Less Effective	Less Effective	Least Effective
Geographic Accessibility	Least Effective	<b>More Effective</b>	Least Effective	Less Effective
Competition (Access to New or Alternate Provider)	Less Effective	Less Effective	Least Effective	Least Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive	Inconclusive



### **CONCLUSION: Operating Room Comparative Review**

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of operating rooms that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during this review would result in operating rooms in excess of the need determination for the Wake County service area.

The application submitted for **Novant Knightdale** is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved. Therefore, the application for Novant Knightdale is **denied** and is not considered further in this Comparative Review.

The applications submitted by WakeMed North, WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner to develop operating rooms in Wake County are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively these six applications propose 12 operating rooms while the need determination is for four operating rooms; therefore, only 4 operating rooms can be approved.

As discussed above, **WakeMed North** was determined to be a **more** effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

As discussed above, **Novant Knightdale** was determined to be non-approvable.

As discussed above, **WakeMed Raleigh** was determined to be a **most or more** effective alternative for two comparative factors:

- Scope of Services
- Competition (Access to a New or Alternative Provider)

As discussed above, **UNC Rex Raleigh** was determined to be a **more** effective alternative for one comparative factor:

- Scope of Services

As discussed above, **UNC Rex Wake Forest** was determined to be a **more** effective alternative for one comparative factor:

- Geographic Accessibility (Location within the Service Area)

As discussed above, **Duke Raleigh** was determined to not be a more or most effective alternative for any comparative factor:

As discussed above, **Duke Garner** was determined to not be a more or most effective alternative for any comparative factor:

After the initial comparative review:

WakeMed Raleigh was determined to be most or more effective for two comparative factors.

WakeMed North, UNC Rex Raleigh and UNC Rex Wake Forest were each determined to be more effective as to one comparative factor; and

Duke Raleigh and Duke Garner were each determined not to be most or more effective for any of the comparative factors.

Novant Knightdale was determined to be a non-approvable application and was denied.

WakeMed Raleigh is the only application that was determined to be most or more effective for two comparative factors therefore WakeMed Raleigh application is approved. Since the WakeMed Raleigh application was for two operating rooms and the need determination was for four operating rooms that leaves two operating rooms remaining to be awarded.

The WakeMed North, UNC Rex Raleigh and UNC Rex Wake Forest applications were all determined to be more effective for at least one comparative factor. The Duke Raleigh and Duke Garner applications were each determined not be most or more effective for any of the comparative factors and are thus less effective alternatives. Furthermore, Duke Garner, while determined to be approvable as a stand-alone application, was not awarded any acute care beds in the AC bed comparative review. The OR proposed in the Duke Garner project was interwoven with the proposed AC beds as part of a proposed acute care hospital. Without the AC beds it is not reasonable to reach a determination in this OR comparative review that the Duke Garner project is a more effective alternative. Therefore, the applications for Duke Raleigh and Duke Garner are denied.

The three remaining applications (WakeMed North, UNC Rex Raleigh and UNC Rex Wake Forest) were each determined to be more effective for a different comparative factor and all three applications propose to develop two operating rooms. WakeMed North and UNC Rex Raleigh are both existing acute care hospitals. UNC Rex Wake Forest is a proposed acute care hospital.

	<b>Comparative Factor for which each application was determined to be "more effective".</b>
WakeMed North	Competition (New or Alternative Provider)
UNC Rex Raleigh	Scope of Services
UNC Rex Wake Forest	Geographic Accessibility (Location within the Service Area)

UNC Rex Raleigh is a tertiary hospital. WakeMed North is an existing community hospital. UNC Rex Wake Forest is a proposed community hospital. It is determined by the Agency that given that, as between these three hospitals, ORs at UNC Rex Raleigh are utilized for a much greater range of surgical services than at either WakeMed North or UNC Rex Wake Forest and thus the UNC Rex Raleigh is the overall more effective alternative as compared to WakeMed North and UNC Rex Wake Forest. Furthermore, UNC Rex Wake Forest, while determined to be approvable as a stand-alone application, was not awarded any acute care beds in the AC bed comparative review. The ORs proposed in the UNC Rex Wake Forest project were interwoven with the proposed AC beds as part of a proposed acute care hospital. Without the AC beds it is not reasonable to reach a determination in this OR comparative review that the UNC Rex Wake Forest project is more effective than either the UNC Rex Raleigh project or the WakeMed North project.

Therefore, the UNC Rex Raleigh application is approved. The applications of both WakeMed North and UNC Rex Wake Forest are both denied.

Based upon the independent review of each application and the Comparative Analysis, the following applications with respect to operating rooms are conditionally approved as submitted:

- Project ID #J-12535-24/ **WakeMed Raleigh**/ Develop 2 ORs
- Project ID #J-12542-24/ **UNC Rex Raleigh**/ Develop 20 AC Beds and 2 ORs

And the following applications with respect to operating rooms are denied:

- Project ID #J-12533-24/ **WakeMed North**/ Develop 2 ORs
- Project ID #J-12534-24/ **Novant Knightdale**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12543-24/ **UNC Rex Wake Forest**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12547-24/ **Duke Raleigh**/ Develop 3 ORs
- Project ID #J-12549-24/ **Duke Garner**/ Develop a new hospital with 12 AC beds and 1 OR

See Conditions at the end of the Findings.

## COMPARATIVE ANALYSIS FOR ACUTE CARE BEDS

Pursuant to G.S. 131E-183(a)(1) and the 2024 SMFP, no more than 70 AC Beds may be approved for the Wake County service area in this review. Because nine applications in this review collectively propose to develop 246 additional AC beds, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory 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 AC bed project included in this review.

- Project ID #J-12534-24/ **Novant Knightdale**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12536-24/ **WakeMed North**/ Develop 25 AC Beds
- Project ID #J-12537-24/ **WakeMed Cary**/ Develop 24 AC Beds
- Project ID #J-12538-24/ **WakeMed Raleigh**/ Develop 21 AC Beds
- Project ID #J-12542-24/ **UNC Rex Raleigh**/ Develop 20 AC Beds and 2 ORs
- Project ID #J-12543-24/ **UNC Rex Wake Forest**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12546-24/ **Duke Raleigh**/ Develop 41 AC Beds
- Project ID #J-12548-24/ **Duke Cary**/ Develop 17 AC Beds
- Project ID #J-12549-24/ **Duke Garner**/ Develop a new hospital with 12 AC beds and 1 OR

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 comparative factors 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) regarding specific comparative analysis factors is determined in part by whether 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 Statutory and Regulatory Review Criteria [AC Beds]**

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

The applications for WakeMed North, WakeMed Cary, WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner are conforming with all applicable statutory and regulatory review criteria.

However, the application submitted for Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved.

### **Scope of Services [AC Beds]**

Generally, the application offering the greater scope of services is the more effective alternative with regard to this comparative factor.

WakeMed Raleigh is a tertiary care hospital and the only Level 1 trauma center in the service area therefore the most effective alternative. UNC Rex Raleigh (a tertiary care hospital), and WakeMed Cary (a large community hospital and a designated Level III trauma center), are both more effective alternatives. Novant Knightdale, WakeMed North, UNC Rex Wake Forest, Duke Raleigh and Duke Cary are community hospitals (existing, approved or proposed) and thus less effective alternatives as compared to WakeMed Raleigh, WakeMed Cary and UNC Rex Raleigh. Duke Garner, a proposed very small community hospital (12 beds and 1 OR) is the least effective alternative.

### **Geographic Accessibility (Location within the Service Area) [AC Beds]**

If an applicant proposes to locate the health service/asset in a facility or location where there is already that health service/asset, then the proposal offers no greater geographic accessibility. If an applicant proposes to locate the health service/asset in a facility or location where there is not currently any of those health services/assets, then, generally, it is a more effective alternative. If all applicants are proposing to locate their health service/asset in facilities or locations that already operate those services, then they are equally effective because residents have the same geographic access they had previously.

There are nine applications proposing to develop new AC beds in existing, approved but undeveloped or new locations. The following table illustrates where the existing and proposed acute care beds are or are proposed to be located within Wake County.

Hospitals	Total Beds*	Beds proposed	Address	Location within Wake County	Existing	New
	A	B	C	D	E	F
Duke Cary**	40	17	Cary	Western	Approved	
UNC Rex Holly Springs	50	0	Holly Springs	Western	Existing	
WakeMed Cary	200	24	Cary	Central/West	Existing	
Duke Raleigh**	164	41	Raleigh	Central	Existing	
UNC Rex Raleigh	436	20	Raleigh	Central	Existing	
WakeMed Raleigh	517	21	Raleigh	Central	Existing	
WakeMed North	71	25	North Raleigh	Central/North	Existing	
UNC Rex Wake Forest	0	50	Wake Forest	Central/ North		New
WakeMed Garner***	31	0	Garner	South/Southeast	Approved	
Duke Garner	0	12	Garner	South/Southeast		New
Novant Knightdale	0	36	Knightdale	Central/East		New
Total	1,509	246				

\*All acute care beds both existing and approved. (include Existing and Approved)

\*\*Duke Raleigh currently has 204 licensed AC beds however 40 AC beds are approved to be transferred to Duke Cary.

\*\*\*WakeMed Garner is approved for a 31 AC Bed hospital with 22 AC beds being transferred from WakeMed Raleigh and 9 new AC beds

Note: The Agency decisions regarding the 44 acute care beds from the 2023 SMFP need determination are all currently under appeal. These 44 acute care beds are not existing, approved or proposed as defined by the Acute Care Bed Rules. Therefore, the 44 acute care beds from the 2023 SMFP are not included in any of the acute care bed totals in Column A.

With regard to this comparative factor between the three applications proposing to develop acute care beds in new locations:

- Novant Knightdale, which is proposed to be located in the Central/East area of Wake County that currently has no acute care beds and, in a town, Knightdale, with no existing acute care beds, is the most effective alternative.
- UNC Rex Wake Forest, which is proposed to be located in the Central/North area of Wake County that currently only has 71 acute care beds and, in a town, Wake Forest, with no existing acute care beds, is the more effective alternative.
- Duke Garner, which is proposed to be located in the South/Southeast area of Wake County that currently has 31 approved acute care beds, in the same town, Garner, where those 31 approved acute care beds are approved to be developed, is the less effective alternative.

The applications of WakeMed North, WakeMed Cary, WakeMed Raleigh, UNC Rex Raleigh, Duke Raleigh and Duke Cary applications all propose to locate acute care beds in a facility at a location which either currently offers acute care beds or is approved to offer acute care beds, therefore they are all least effective alternatives.

**Competition (Access to a New or Alternate Provider) [AC Beds]**

Generally, the introduction of a new provider in the service area would be the more 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.

This comparative factor is evaluated by health system. As illustrated in the table below, there are four health systems, with a combined total of nine applications, that are part of this acute care bed review.

<b>Health Systems</b>	<b>Applications in this Review</b>	<b>System currently provides acute care bed services in Wake County</b>
<b>Novant</b>	Novant Knightdale	No
<b>WakeMed</b>	WakeMed North, WakeMed Cary & WakeMed Raleigh	Yes
<b>UNC</b>	UNC Rex Raleigh & UNC Rex Wake Forest	Yes
<b>Duke</b>	Duke Raleigh, Duke Cary & Duke Garner	Yes

Novant Health System, via the Novant Knightdale application, would qualify as a new provider in the Wake County service area. Therefore, regarding this comparative factor, the application submitted by Novant Knightdale is the more effective alternative. However, Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria cannot be approved.

All of the remaining health systems are existing providers of acute care bed services in Wake County.

As of the date of this decision, there are 1,509 existing and approved acute care beds in the Wake County service area allocated between three health systems: WakeMed, UNC and Duke. As stated above, the Novant Health System does not currently provide acute care bed services in Wake County.

**Current Acute Care Bed Allocation in Wake County [NOT INCLUDING NICU BEDS]**

Hospital System	# of existing and approved beds	% of total acute care beds
WakeMed	819	54.27%
UNC	486	32.21%
Duke	204	13.52%
Total	1,509	100.00%

Source: 2025 SMFP, Table 5A Acute Care Bed Need Projections, page 45.

**Acute Care Beds- Allocation**

Column	A	B	C	D	E
System	# of existing and approved beds*	# of beds proposed	# of beds if applications approved	Projected % of total beds	Current % of total beds
WakeMed	819	70	889	56.30%	54.27%
UNC	486	70	556	35.21%	32.21%
Duke	204	70	274	17.35%	13.52%
Total	1,509	70	1,579	100.00%	100.00%

\*The Agency decisions regarding the 44 AC beds in the 2023 SMFP are currently under appeal and thus are not included in these AC bed totals.

Therefore, the application of Novant Knightdale is the most effective alternative for this comparative factor. However, Novant Knightdale is not conforming with all applicable statutory and regulatory review criteria cannot be approved. The applications for the Duke Health System [Duke Raleigh, Duke Cary and Duke Garner] are the more effective alternatives; the applications for the UNC Health System [UNC Rex Raleigh and UNC Rex Wake Forest] are the less effective alternatives; and the applications for the WakeMed Health System [WakeMed North, WakeMed Cary and WakeMed Raleigh] are the least effective alternatives for this comparative factor.

**Access by Service Area Residents [AC Beds]**

On page 31, the 2024 SMFP defines the service area for acute care hospital beds as “...the single or multicounty grouping shown in Figure 5.1.” Figure 5.1, on page 36, shows Wake County as its own acute care bed service area. All the existing and proposed facilities are in Wake County. Thus, the service area for these facilities is Wake 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.

**Acute Care Bed Services: Projected Wake County Service Area Residents (FY3)**



Applicant	# Wake County Patients AC Bed services	Total Patients AC Bed Services
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined
WakeMed North	6,753	10,333
WakeMed Cary	9,094	15,274
WakeMed Raleigh	21,708	31,829
UNC Rex Raleigh	23,369	34,931
UNC Rex Wake Forest*	Cannot be determined in the format provided.	Cannot be determined
Duke Raleigh	7,601	14,902
Duke Cary	2,989	3,655
Duke Garner	632	768

\*Novant Knightdale- The number of Wake County patients projected for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Acute care bed services were combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See the patient origin table for Inpatient Services, page 48, and Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- The number and/or percentage of Wake County patients projected for acute care bed was not provided in a format that can be used for this comparative factor. The number and/or percentage of Wake County patients projected to receive acute care bed services was combined with other IP services. See tables on pages 41 and 42. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

As shown in the table above neither the number of Wake County residents proposed for acute care bed services for Novant Knightdale nor UNC Rex Wake Forest during the third full fiscal year following project completion could be determined.

In addition, differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, quaternary) at each facility, and the number and types of surgical services vs. all patient services proposed by each of the facilities may impact the numbers shown in the table above. Furthermore, the SMFP need methodology for acute care beds does not consider patient origin.

Considering the discussion above, the Agency believes that in this instance attempting to compare the applicants based on the projected acute care bed access of residents of the Wake County service area would be ineffective. Therefore, the result of this analysis is inconclusive.

**Access by Underserved Groups [AC Beds]**

Underserved groups are 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 ... 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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

***Projected Medicaid [AC Beds]***

The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in the applicant’s third full year of operation following completion of their projects, based on the information provided in the applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicaid gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

**Acute Care Beds: Medicaid- Project Year 3**

Applicant	Medicaid Gross Revenue	Total Gross Revenue	Medicaid Gross Revenue as a % of Total Gross Revenue
	A	B	C= B/A
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated.
WakeMed North	\$66,867,225	\$562,448,177	11.89%
WakeMed Cary	\$79,726,046	\$1,159,808,595	6.87%
WakeMed Raleigh	\$597,929,458	\$2,722,458,893	21.96%
UNC Rex Raleigh	\$27,166,250	\$330,208,593	8.23%
UNC Rex Wake Forest**	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated.
Duke Raleigh	\$49,468,274	\$626,609,694	7.89%
Duke Cary	\$12,970,961	\$108,900,541	11.91%
Duke Garner	\$2,353,623	\$23,609,709	9.97%

Source: Form F.2.

\*Novant Knightdale- Medicaid Gross Revenue and Total Gross Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Medicaid Gross Revenue and Total Gross Revenue for acute care bed services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Medicaid Gross Revenue and Total Gross Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Medicaid Gross Revenue and Total Gross Revenue for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading *"Inpatient Services (including Inpatient Surgery)"* in Form F.2b. Inpatient Services is defined as follows: *"Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis."* See page 41 of the application.

Based on the table above, of the proposed projects for which the Medicaid gross revenue as a percentage of total gross revenue could be calculated: WakeMed Raleigh (21.96%) is the most effective alternative; Duke Cary (11.91%) and WakeMed North (11.89%) are the more effective alternatives; Duke Garner (9.97%), UNC Rex Raleigh (8.23%) and Duke Raleigh (7.89%) are the less effective alternatives; and WakeMed Cary (6.87%) is the least effective alternative. However, as shown in the table above, for acute care bed services, the Medicaid gross revenue as a percentage of total gross revenue could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the Medicaid gross revenue as a percentage of total gross revenue of the nine applications could not be performed.

In addition, UNC Rex Raleigh and UNC Rex Wake Forest acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. All other charges relating to the patient's inpatient visits are allocated to the applicable departments.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### ***Projected Medicare [AC Beds]***

The following table shows each applicant's percentage of gross revenue (charges) projected to be provided to Medicare patients in the applicant's third full year of operation following completion of their projects, based on the information provided in the applicant's pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of Medicare gross revenue as a percentage of total gross revenue is the more effective alternative with regard to this comparative factor.

### **Acute Care Beds: Medicare- Project Year 3**

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare Gross Revenue as a % of Total Gross Revenue
	A	B	C= B/A
Novant Knightdale*	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated.
WakeMed North	\$226,012,702	\$562,448,177	40.18%
WakeMed Cary	\$524,238,792	\$1,159,808,595	45.20%
WakeMed Raleigh	\$1,078,773,144	\$2,722,458,893	39.62%
UNC Rex Raleigh	\$206,375,515	\$330,208,593	62.50%
UNC Rex Wake Forest**	Cannot be determined in the format provided.	Cannot be determined in the format provided.	Cannot be calculated.
Duke Raleigh	\$404,714,350	\$626,609,694	64.59%
Duke Cary	\$46,806,674	\$108,900,541	42.98%
Duke Garner	\$9,184,057	\$23,609,709	38.90%

Source: Form F.2.

\*Novant Knightdale- Medicare Gross Revenue and Total Gross Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Medicare Gross Revenue and Total Gross Revenue for acute care bed services was combined with other IP services *“Inpatient Services- includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Medicare Gross Revenue and Total Gross Revenue for acute care bed services were not provided in a format that can be used for this comparative factor. Medicare Gross Revenue and Total Gross Revenue for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading *“Inpatient Services (including Inpatient Surgery)”* in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which the Medicare gross revenue as a percentage of total gross revenue could be calculated: Duke Raleigh (64.59%) would be the most effective alternative; UNC Rex Raleigh (62.5%) would be the more effective alternative; WakeMed Cary (45.2%), Duke Cary (42.98%) and WakeMed North (40.18%) would be the less effective alternatives; and WakeMed Raleigh (39.62%) and Duke Garner (38.90%) would be the least effective alternatives. However, as shown in the table above, for acute care bed services, the Medicare gross revenue as a percentage of total gross revenue could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the Medicare gross revenue as a percentage of total gross revenue of the nine applications could not be performed.

In addition, UNC Rex Raleigh and UNC Rex Wake Forest acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. All other charges relating to the patient’s inpatient visits are allocated to the applicable departments.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

**Projected Average Net Revenue per Patient Day [AC Beds]**

The following table compares projected average net revenue per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient day is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

**Acute Care Beds: Average Net Revenue per Discharge- 3<sup>rd</sup> Project Year**

Applicant	Total # of Discharges	Net Revenue	Average Net Revenue per Discharge
	A	B	C= B/A
Novant Knightdale*	2,100	Cannot be determined in the format provided.	Cannot be Calculated
WakeMed North	10,033	\$153,838,001	\$15,333
WakeMed Cary	15,274	\$270,302,338	\$17,697
WakeMed Raleigh	31,828	\$625,803,437	\$19,662
UNC Rex Raleigh	34,931	\$121,694,658	\$3,484
UNC Rex Wake Forest**	3,085	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	11,784	\$228,511,717	\$19,392
Duke Cary	3,655	\$40,836,574	\$11,173
Duke Garner	768	\$8,067,531	\$10,505

Source: Form C. 3b and Form F.2b.

\*Novant Knightdale- Net Revenue for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Net Revenue for acute care bed services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Net Revenue for acute care bed services was not provided in a format that can be used for this comparative factor. Net Revenue for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading *“Inpatient Services (including Inpatient Surgery)”* in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the

application.

Based on the table above, of the proposed projects for which the average net revenue per discharge could be calculated, UNC Rex Raleigh (\$3,484) would be the most effective alternative; Duke Garner (\$10,505) and Duke Cary (\$11,173) would be the more effective alternatives; WakeMed North (\$15,333) and WakeMed Cary (\$17,697) would be the less effective alternatives; and Duke Raleigh (\$19,393) and WakeMed Raleigh (\$19,662) would be the less effective alternatives. However, as shown in the table above, for acute care bed services, the average net revenue per discharge could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the average net revenue per discharge of the nine applications could not be performed.

In addition, UNC Rex Raleigh and UNC Rex Wake Forest acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. All other charges relating to the patient's inpatient visits are allocated to the applicable departments.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### **Projected Average Operating Expense per Patient Day [AC Beds]**

The following table compares projected average operating expense per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per discharge 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.

Applicant	Total # of Discharges	Operating Expenses	Average Operating Expense per Discharge
	A	B	C= B/A
Novant Knightdale*	2,100	Cannot be determined in the format provided.	Cannot be Calculated
WakeMed North	10,033	\$156,524,225	\$15,601
WakeMed Cary	15,274	\$285,892,721	\$18,718
WakeMed Raleigh	31,828	\$644,187,660	\$20,240
UNC Rex Raleigh	34,931	\$224,451,123	\$6,426
UNC Rex Wake Forest**	3,085	Cannot be determined in the format provided.	Cannot be Calculated
Duke Raleigh	11,784	\$293,499,934	\$24,907
Duke Cary	3,655	\$97,028,674	\$26,547
Duke Garner	768	\$23,069,203	\$30,038

Source: Form C. 3b and Form F.2b.

\*Novant Knightdale- Operating Expenses for acute care bed services was not provided in the proformas in a format that can be used for this comparative factor. Operating Expenses for acute care bed services was combined with other IP services *“Inpatient Services-includes nursing units for all inpatients. Includes inpatient surgery, emergency department services provided to an admitted inpatient, and imaging revenue provided during an inpatient stay. Includes all ancillary services, including pharmacy, therapy, and laboratory that an inpatient receives.”* (See Form F.2 Revenue Assumption page 201).

\*\*UNC Rex Wake Forest- Operating Expenses for acute care bed services were not provided in a format that can be used for this comparative factor. Operating Expenses for acute care bed services were combined with other IP services, including IP surgical services. See descriptive heading *“Inpatient Services (including Inpatient Surgery)”* in Form F.2b. Inpatient Services is defined as follows: *“Inpatient Services encompasses or is representative of all services which an inpatient receives, including but not limited to inpatient surgery, Level II neonatal services, C-section procedures, therapy, laboratory, and dialysis.”* See page 41 of the application.

Based on the table above, of the proposed projects for which the average operating expense per discharge could be calculated, UNC Rex Raleigh (\$6,426) would be the most effective alternative; WakeMed North (\$15,601), WakeMed Cary (\$18,718) and WakeMed Raleigh (\$20,240) would be the more effective alternatives; Duke Raleigh (\$24,907) and Duke Cary (\$26,547) would be the less effective alternatives; and Duke Garner (\$30,038) would be the least effective alternative. However, as shown in the table above, for acute care bed services, the average operating expense per discharge could not be calculated for Novant Knightdale and UNC Rex Wake Forest. Therefore, a comparison of the average operating expense per discharge of the nine applications could not be performed.

In addition, UNC Rex Raleigh and UNC Rex Wake Forest acute care bed proformas, in contrast to the other applications, only include charges and expenses related to room and board. All other charges relating to the patient’s inpatient visits are allocated to the applicable departments.

Further, even if the applicants had supplied 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, the level of care (new community hospital, existing community hospital, existing tertiary care hospital) at each facility, and the number and types of acute care bed services proposed by each of the facilities may impact the averages shown in the table above.

Thus, the result of the analysis of this comparative factor is inconclusive.

### **Summary [AC Beds]**

The following table lists the comparative factors and indicates whether each application was most effective, more effective, less effective or least effective for each 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	Novant Knightdale	WakeMed North	WakeMed Cary
Conformity with Review Criteria	No- Not Approvable	Yes- Approvable	Yes- Approvable
Scope of Services	Less Effective	Less Effective	<b>More Effective</b>
Geographic Accessibility	<b>Most Effective</b>	Least Effective	Least Effective
Competition/Access to New/Alternate Provider	<b>Most Effective</b>	Least Effective	Least Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive

Comparative Factor	WakeMed Raleigh	UNC Rex Raleigh	UNC Rex Wake Forest
Conformity with Review Criteria	Yes- Approvable	Yes- Approvable	Yes- Approvable
Scope of Services	<b>Most Effective</b>	<b>More Effective</b>	Less Effective
Geographic Accessibility	Least Effective	Least Effective	<b>More Effective</b>
Competition/Access to New/Alternate Provider	Least Effective	Less Effective	Less Effective
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive

Comparative Factor	Duke Raleigh	Duke Cary	Duke Garner
Conformity with Review Criteria	Yes- Approvable	Yes- Approvable	Yes-Approvable
Scope of Services	Less Effective	Less Effective	Least Effective
Geographic Accessibility	Least Effective	Least Effective	Less Effective
Competition/Access to New/Alternate Provider	<b>More Effective</b>	<b>More Effective</b>	<b>More Effective</b>
Access by Service Area Residents	Inconclusive	Inconclusive	Inconclusive
Projected Medicare	Inconclusive	Inconclusive	Inconclusive
Projected Medicaid	Inconclusive	Inconclusive	Inconclusive
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive

**CONCLUSION – ACUTE CARE BEDS**

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 the Wake County service area. As shown above, for this review the Agency received nine applications to develop new acute care beds.

The application submitted for **Novant Knightdale** is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and

regulatory review criteria cannot be approved. Therefore, the application for Novant Knightdale is **denied** and is not considered further in this Comparative Review.

The applications submitted by WakeMed North, WakeMed Cary, WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner to develop acute care beds are conforming to all applicable statutory and regulatory review criteria and are approvable standing alone. However, collectively they propose 210 acute care beds while the need determination is for 70 acute care beds; therefore, only 70 acute care beds can be approved.

As discussed above, **WakeMed North** was not determined to be the most or more effective alternative for any of the comparative factors:

As discussed above, **WakeMed Cary** was determined to be a more effective alternative for one comparative factor:

- Scope of Services

As discussed above, **WakeMed Raleigh** was determined to be the most effective alternative for one comparative factor:

- Scope of Services

As discussed above, **UNC Rex Raleigh** was determined to be a more effective alternative for one comparative factor:

- Scope of Services

As discussed above, **UNC Rex Wake Forest** was determined to be a more effective alternative for one comparative factor:

- Geographic Accessibility (Location within the Service Area)

As discussed above, **Duke Raleigh** was determined to be a more effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

As discussed above, **Duke Cary** was determined to be a more effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

As discussed above, **Duke Garner** was determined to be a more effective alternative for one comparative factor:

- Competition (Access to a New or Alternative Provider)

After the initial comparative review:

As discussed above, the Novant Knightdale application was not conforming to statutory and regulatory criteria and requirements and thus was not an approvable application.

WakeMed Cary, WakeMed Raleigh, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner were each determined to be the most or more effective alternative for one comparative factor, as summarized in the following table.

	<b>Comparative Factor for which each application was determined to be “more or most effective”.</b>	
WakeMed North	None	None
WakeMed Cary	Scope of Services	More
WakeMed Raleigh	Scope of Services	<b>Most</b>
UNC Rex Raleigh	Scope of Services	More
UNC Rex Wake Forest	Geographic Accessibility (Location within the Service Area)	More
Duke Raleigh	Competition (New or Alternative Provider)	More
Duke Cary	Competition (New or Alternative Provider)	More
Duke Garner	Competition (New or Alternative Provider)	More

WakeMed Raleigh was the only application to be found most effective for one of the comparative factors. Therefore, the WakeMed Raleigh application is approved for 21 acute care beds.

The acute care bed need determination in the 2024 SMFP was for 70 acute care beds. That leaves 49 acute care beds still available to be awarded [70 – 21 to WakeMed Raleigh = 49 AC beds].

As shown in the table above, WakeMed North was determined to not be the most or more effective alternative for any of the comparative factors. Therefore, the WakeMed North application is denied.

The six remaining applications are: WakeMed Cary, UNC Rex Raleigh, UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner. WakeMed Cary and UNC Rex Raleigh were both determined to be more effective as to the comparative factor of scope of services. Duke Raleigh, Duke Cary and Duke Garner were determined to be more effective as to the comparative factor of competition (New or Alternative Provider). UNC Rex Wake Forest was found to be more effective as to the comparative factor of geographic access (Location of Site within the Service Area).

WakeMed Cary and UNC Rex Raleigh are both determined, in this fact pattern, to be more effective alternatives than UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner.

Both WakeMed Cary and UNC Rex Raleigh were both determined to be more effective alternatives due o scope of services.

In addition, as shown in the table below:

- WakeMed and UNC have larger projected AC bed deficits than Duke: WakeMed hospital system 214 AC beds; UNC 118 AC beds; and Duke 48 AC beds.
- WakeMed and UNC both utilized their existing AC beds at a 7% greater occupancy rate than Duke: WakeMed 80.32%; UNC 79.92%; and Duke 72.63%.

Comparing UNC Rex Raleigh and UNC Rex Wake Forest, most projected discharges at UNC Rex Wake Forest are projected to “shift” from UNC Rex Raleigh. The remainder of projected discharges are projected “in-migration” from outside a projected service area of nine ZIP codes, therefore a portion of the discharges from in-migration at UNC Rex Wake Forest could potentially also currently receive acute care bed services from UNC Rex Raleigh or UNC Rex Holly Springs. Thus, the vast majority of projected discharges at UNC Rex Wake Forest are already receiving acute care bed services from UNC Rex Raleigh. Acute care beds at UNC Rex Raleigh are available for a greater range of services than acute care beds would be at the proposed UNC Rex Wake Forest facility.

**Current Acute Care Bed Allocation in Wake County [NOT INCLUDING NICU BEDS]**

Hospital System	# of existing and approved beds	% of total acute care beds	Hospital System Target Occupancy Rate per the AC Bed Performance Rules	Hospital System Occupancy Rate based on data from the 2025 SMFP	Projected 2027 AC Bed Deficit/ Surplus “-“per the 2025 SMFP
WakeMed	819	54.27%	78.0%	80.32%	214
UNC	486	32.21%	75.2%	79.92%	118
Duke	204	13.52%	71.4%	72.63%	48
Total	1,509	100.00%			

Source: 2025 SMFP, Table 5A Acute Care Bed Need Projections, page 45.  
 The data in the 2025 SMFP is based on the most recent LRA [the 2024 LRA which covers 10/1/2022 – 9/30/2023].

\*WakeMed: 240,109 patient days/365 = 657.83 (ADC); 657.83/819 beds = .8032 or 80.32%.

\*UNC: 141,766 patient days/365 = 388.4 (ADC); 388.4/486 beds = .7992% or 79.92%.

\*Duke: 54,088 patient days/365 – 148.18 (ADC); 148.18/204 beds = .7263 or 72.63%.

Therefore, WakeMed Cary and UNC Rex Raleigh are both approved. WakeMed Cary proposed to develop 24 new acute care beds and UNC Rex Raleigh proposed to develop 20 new acute care beds. Those two applications total 44 new acute care beds. After the approval of the WakeMed Raleigh application there were 49 acute care beds still available to be awarded. After the approval of WakeMed Cary and UNC Rex Raleigh there are 5 acute care beds still available to be awarded from the 70 in the need determination [49 – 44 = 5].

There are four remaining applications (UNC Rex Wake Forest, Duke Raleigh, Duke Cary and Duke Garner) to which the 5 acute care beds could be awarded.

UNC Rex Wake Forest proposed to develop a new acute care hospital with 50 acute care beds and two ORs. There are only 5 acute care beds left to be awarded. It is not reasonable to award the 5 remaining acute care beds to UNC Rex Wake Forest considering the project as proposed.

The Duke Raleigh, Duke Cary and Duke Garner applications were each determined to be more effective as to the comparative factor of Competition (New or alternative provider).

Duke Raleigh is the only existing facility of the three. Duke Cary is approved but undeveloped and Duke Garner is proposed. The remaining 5 acute care beds are awarded to Duke Raleigh. The Duke Raleigh proposal is conditionally approved as modified below. The Duke Cary and Duke Garner applications are denied.

Based upon the independent review of each application and the Comparative Analysis, the following applications as to the acute care beds are conditionally approved as submitted:

- Project ID #J-12537-24/ **WakeMed Cary**/ Develop 24 AC beds
- Project ID #J-12538-24/ **WakeMed Raleigh**/ Develop 21 AC beds
- Project ID #J-12542-24/ **UNC Rex Raleigh**/ Develop 20 AC beds and 2 ORs

Based upon the independent review of each application and the Comparative Analysis, the following application is conditionally approved as modified in the description below:

- Project ID #J-12546-24/ **Duke Raleigh**/ Develop no more than 5 additional acute care beds pursuant to the 2024 SMFP need determination

And the following applications as to the acute care beds are denied:

- Project ID #J-12534-24/ **Novant Health Knightdale Medical Center**/Develop a new hospital with 36 AC beds and 1 OR
- Project ID #J-12536-24/ **WakeMed North Hospital**/ Develop 25 AC Beds
- Project ID #J-12543-24/ **UNC Health Rex Wake Forest Hospital**/ Develop a new hospital with 50 AC beds and 2 ORs
- Project ID #J-12548-24/ **Duke Cary Hospital**/ Develop 17 AC Beds
- Project ID #J-12549-24/ **Duke Garner Hospital**/ Develop a new hospital with 12 AC beds and 1 OR

**Project ID #J-12535-24/ WakeMed** is approved subject to the following conditions.

1. **WakeMed (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 two additional operating rooms pursuant to the 2024 SMFP need determination.**
3. **Upon completion of the project, WakeMed (a/k/a WakeMed Raleigh Campus) shall be licensed for no more than 21 operating rooms (excluding C-Section operating rooms and trauma/burn operating rooms).**
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 June 1, 2025.**

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 #J-12537-24/ WakeMed Cary Hospital/ Develop no more than 24 additional acute care beds** is approved subject to the following conditions.

1. **WakeMed (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 24 additional acute care beds at WakeMed Cary Hospital pursuant to the 2024 SMFP need determination which is a change of scope to Project ID# J-12418-23 (Develop 9 acute care beds).**
3. **Upon completion of this project and Project ID# J-12418-23 (develop 9 acute care beds) WakeMed Cary Hospital shall be licensed for no more than 233 acute care beds (excluding NICU 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 June 1, 2025.**

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 #J-12538-24/ WakeMed** is approved subject to the following conditions.

1. **WakeMed (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 additional acute care beds pursuant to the 2024 SMFP need determination.**
3. **Upon completion of the project, WakeMed (a/k/a WakeMed Raleigh Campus) shall be licensed for no more than 560 acute care beds (excluding NICU 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 June 1, 2025.**
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.**

**Project ID #J-12542-24/ UNC Rex Hospital** is approved subject to the following conditions.

1. **Rex Hospital, 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 20 additional acute care beds and no more than two additional operating rooms pursuant to the 2024 SMFP need determinations.**
3. **Upon completion of the project, UNC REX Hospital (Raleigh Campus) shall be licensed for no more than 456 acute care beds (excluding NICU beds) and no more than 27 operating rooms (excluding C-Section operating rooms and trauma/burn operating rooms).**
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, 2025.**
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 #J-12546-24/ Duke Raleigh Hospital** is approved subject to the following conditions.

1. **Duke University Health System, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 5 additional acute care beds pursuant to the 2024 SMFP need determination.**
3. **Upon completion of the project, Duke Raleigh Hospital shall be licensed for no more than 209 acute care beds (excluding NICU 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 June 1, 2025.**
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.**