

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 23, 2025

Findings Date: July 23, 2025

Project Analyst: Yolanda W. Jackson

Co-Signer: Lisa Pittman

COMPETITIVE REVIEW

Project ID #:	F-12588-25
Facility:	Novant Health Cabarrus Medical Center
FID #:	250141
County:	Cabarrus
Applicant(s):	Novant Health Cabarrus Medical Center, LLC Novant Health, Inc.
Project:	Develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination

A

Project ID #:	F-12600-25
Facility:	Atrium Health Cabarrus
FID #:	943049
County:	Cabarrus
Applicant(s):	The Charlotte-Mecklenburg Hospital Authority
Project:	Develop 126 additional acute care beds pursuant to the 2025 SMFP need determination

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

REVIEW CRITERIA

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

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

C – All Applications

Need Determination

The 2025 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2025 SMFP identified a need for 126 additional acute care beds in the Cabarrus County service area. Two applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) proposing to develop a total of 176 new acute care beds. However, pursuant to the need determination, only 126 acute care beds may be approved in this review.

Only qualified applicants can be approved to develop acute care beds. On pages 36-37, the 2025 SMFP states:

“A person who proposes to operate additional acute care beds in a hospital must show that the hospital will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients, and*
- (3) if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services listed below... [listed on page 37 of the 2025 SMFP].”*

Policies

There are two policies in Chapter 4 of the 2025 SMFP that are applicable to the applications received in response to the need determination. *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* and *Policy GEN-5: Access to Culturally Competent Healthcare* are applicable to both applications.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2025 SMFP, states:

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

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-

178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.

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

Policy GEN-5: Access to Culturally Competent Healthcare, on pages 30-31 of the 2025 SMFP, states:

"A certificate of need (CON) applicant applying to offer or develop 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 provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity.

CON applications will include the following:

The applicant shall, in its CON application, address each of the items enumerated below:

Item 1: *Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be described in terms including, but not limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.*

Item 2: *Describe strategies it will implement to provide culturally competent services to members of the medically underserved community described in Item 1.*

Item 3: Document how the strategies described in Item 2 reflect cultural competence.

Item 4: Provide support (e.g., best-practice methodologies, evidence-based studies with similar communities) that the strategies described in Items 2 – 3 are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities within the relevant service area.

Item 5: Describe how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.”

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 acute care beds

Novant Health Cabarrus Medical Center, LLC and Novant Health, Inc. (hereinafter referred to as “Novant Health” or “the applicant”) propose to develop a new acute care hospital, Novant Health Cabarrus Medical Center (“NH Cabarrus”) with no more than 50 acute care beds, pursuant to the 2025 SMFP need determination.

Need Determination. This applicant does not propose to develop more acute care beds than are determined to be needed in the Cabarrus County service area. In Section B, pages 23-25, the applicant demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.

Policy GEN-4. The proposed capital expenditure for this project is more than \$5 million. In Section B, pages 28-30, the applicant adequately describes its plan for energy efficiency and water conservation.

Policy GEN-5. In Section B, pages 31-34, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

Conclusion

The Agency reviewed the:

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

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

- 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 is a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.
 - The applicant adequately demonstrates how the project will provide culturally competent healthcare.
 - The applicant adequately describes the demographics of Cabarrus County with a focus on the medically underserved communities in Cabarrus County.
 - The applicant documents its strategies to provide culturally competent programs and services and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
 - The applicant adequately describes how it will measure and periodically assess increase equitable access to healthcare services and reduction in health disparities in underserved communities.

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional acute care beds

The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “CMHA” or “the applicant”) proposes to add 126 new acute care beds pursuant to the 2025 SMFP need determination to Atrium Health Cabarrus, a hospital with 427 licensed acute care beds, for a total of no more than 671 acute care beds on its license upon completion of this project and Project ID# F-12116-21 (add 22 acute care beds), Project ID# F-12367-23 (add 65 acute care beds), and Project ID# F-12505-24 (add 31 acute care beds to Atrium Health Harrisburg and relocate 13 acute care beds from Atrium Health Cabarrus to Atrium Health Harrisburg).

Need Determination. This applicant does not propose to develop more acute care beds than are determined to be needed in the Cabarrus County service area. In Section B, page 25, the applicant demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 27-28, the applicant adequately describes its plan for energy efficiency and water conservation.

Policy GEN-5. In Section B, pages 29-35, the applicant adequately describes the demographics of the service area, its strategies to provide culturally competent healthcare services, how the strategies reflect cultural competence, and how it will measure and periodically assess

increased equitable access to healthcare services and reduction in health disparities in underserved communities in the service area.

Conclusion

The Agency reviewed the:

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

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

- 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 is a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* and *Policy GEN-5* based on the following:
 - The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.
 - The applicant adequately demonstrates how the project will provide culturally competent healthcare.
 - The applicant adequately describes the demographics of Cabarrus County with a focus on the medically underserved communities in Cabarrus County.
 - The applicant documents its strategies to provide culturally competent programs and services and the applicant demonstrates how these strategies will reduce existing disparities and increase health equity.
 - The applicant adequately describes how it will measure and periodically assess increase equitable access to healthcare services and reduction in health disparities in underserved communities.

- (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 – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section Q, page 123, the applicant describes the services it plans to offer at the proposed facility, including the following:

- 50 licensed acute care beds
- 12 observation beds
- One (1) dedicated C-Section OR
- Four surgical procedure rooms
- 16 Emergency Department bays
- Imaging and ancillary services including CT, X-ray/fluoroscopy, ultrasound, nuclear medicine, echocardiogram lab, and physical/speech/occupational therapy

Patient Origin

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Cabarrus County as its own acute care bed service area. Novant Health Cabarrus Medical Center will be located in Cabarrus County. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing to develop a new facility. Therefore, there is no historical patient origin to report.

The following tables illustrate the projected patient origin for inpatient services, outpatient surgical services, other outpatient services, and the entire facility.

Inpatient Services	Novant Health Cabarrus Medical Center					
	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2030		CY 2031		CY 2032	
County	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Cabarrus	832	65.4%	1,426	69.1%	2,494	73.7%
Rowan	160	12.5%	219	10.6%	280	8.3%
Stanly	154	12.1%	212	10.3%	271	8.0%
Other^	127	10.0%	206	10.0%	338	10.0%
Total	1,272	100.0%	2,063	100.0%	3,384	100.0%

Source: Section C, page 43.

^ Other includes <1 percent patient origin from the remaining counties in North Carolina and other states.

Outpatient Surgical Services	Novant Health Cabarrus Medical Center					
	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2030		CY 2031		CY 2032	
County	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Cabarrus	342	65.4%	587	69.1%	1,027	73.7%
Rowan	66	12.5%	90	10.6%	115	8.3%
Stanly	63	12.1%	87	10.3%	112	8.0%
Other^	52	10.0%	85	10.0%	139	10.0%
Total	524	100.0%	849	100.0%	1,393	100.0%

Source: Section C, page 44.

^ Other includes <1 percent patient origin from the remaining counties in North Carolina and other states.

Other Outpatient Services	Novant Health Cabarrus Medical Center					
	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2030		CY 2031		CY 2032	
County	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Cabarrus	8,240	65.4%	14,123	69.1%	24,704	73.7%
Rowan	1,581	12.5%	2,169	10.6%	2,772	8.3%
Stanly	1,521	12.1%	2,100	10.3%	2,684	8.0%
Other^	1,260	10.0%	2,044	10.0%	3,351	10.0%
Total	12,602	100.0%	20,436	100.0%	33,512	100.0%

Source: Section C, page 44.

^ Other includes <1 percent patient origin from the remaining counties in North Carolina and other states.

Entire Facility	Novant Health Cabarrus Medical Center					
	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2030		CY 2031		CY 2032	
County	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
Cabarrus	9,414	65.4%	16,136	69.1%	28,225	73.7%
Rowan	1,806	12.5%	2,478	10.6%	3,167	8.3%
Stanly	1,738	12.1%	2,400	10.3%	3,067	8.0%
Other^	1,440	10.0%	2,335	10.0%	3,829	10.0%
Total	14,398	100.0%	23,349	100.0%	38,288	100.0%

Source: Section C, page 45.

^ Other includes <1 percent patient origin from the remaining counties in North Carolina and other states.

In Section C, page 43, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states,

“The projected patient origin for NH Cabarrus inpatient discharges is based on the assumptions and methodology included in Section Q. The projected patient origin for acute care beds is based on the number of patients projected to originate from the service area as identified in Section Q, Form C.1b, C.2b, C.3b, and C.4b Assumptions and Methodology.

Projected utilization for surgical cases, ED visits, imaging, and other ancillary and support services is based on projected inpatient discharges. Therefore, the projected patient origin for surgical cases, ED visits, imaging and other ancillary and support services is reasonably assumed to be consistent with projected patient origin for acute care beds.”

The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 46-58, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- **2025 SMFP Need Determination.** The 2025 SMFP has determined that Cabarrus County service area has a need for an additional 126 acute beds.
- **Acute Care Utilization.** The applicant states that there is strong growth overall in acute care discharges in the NH Cabarrus service area and the applicant plans to develop a new 50-bed community hospital to address the increasing demand for acute care services.
- **Access for Service Area Residents.** The applicant states that the proposed location will enhance access to acute care services for Cabarrus County residents. The applicant states that the proposed location is proximate to major thoroughfares including I-85, Hwy 73, Hwy 29, and Kannapolis Parkway enabling access for residents throughout the service area.
- **Service Area Demographics.** The North Carolina Office of State Budget and Management (NC OSBM) projects that Cabarrus County will experience a CAGR of 1.9 percent over the next eight years, adding approximately 35,000 new residents between 2025 and 2032. The applicant states that the age 65+ group is projected to increase by a CAGR of 3.5 percent during the next seven years. Therefore, the demand for acute care services is expected to increase significantly.
- **Enhanced Competition.** The applicant states that currently Atrium Health is the sole provider of acute care services located within Cabarrus County. The applicant states that the proposed project will enhance competition for acute care services in Cabarrus County and expand patient choice.
- **Novant Health Physician Network.** The applicant operates 15 medical clinics in Cabarrus County, as well as physician clinics in Rowan County and primary care services in Stanly County. The applicant states that the existing Novant Health provider base in Cabarrus County supports the development of NH Cabarrus and will enable Novant Health to add inpatient services to the continuum of care and provide a community-based point of care for patients.

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

- The applicant uses reliable data to illustrate projected population growth and aging in the service area and the need for additional acute care bed capacity.
- 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.

Projected Utilization

In Section Q, on Forms C.1b, C.2b, C.3b, and C.4b, pages 119-122, the applicant provides projected utilization for its acute care beds, medical equipment, operating rooms, and other hospital services, as illustrated in the following tables.

Novant Health Cabarrus Medical Center			
Acute Care Bed			
Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2030	CY 2031	CY 2032
Total # of Beds	50	50	50
# of Discharges	1,272	2,063	3,384
# of Patient Days	4,824	7,823	12,828
Average Length of Stay	3.8	3.8	3.8
Occupancy Rate	26.4%	42.9%	70.3%

Source: Section Q, Form C.1b, page 119.

Novant Health Cabarrus Medical Center Medical Equipment Projected Utilization			
	1st Full FY CY 2030	2nd Full FY CY 2031	3rd Full FY CY 2032
CT Scanner			
# of Units	2	2	2
# of Scans	3,524	5,715	9,371
Fixed X-ray			
# of Units	2	2	2
# of Procedures*	2,130	3,454	5,665
MRI Scanner			
# of Units	Mobile	Mobile	Mobile
# of Procedures	821	1,332	2,184
# of Adjusted Procedures	1,104	1,791	2,936
Nuclear Medicine			
# of Units	1	1	1
# of Procedures	174	282	462
Ultrasound			
# of Units	3	3	3
# of Procedures	1,029	1,669	2,737
Portable X-ray			
# of Units	2	2	2
# of Procedures*	2,130	3,454	5,665
Echocardiogram			
# of Units	1	1	1
# of Procedures	570	924	1,516

Source: Section Q, Form C.2b, page 120.

*Note projected X-ray procedures in Section Q. Assumptions and Methodology are distributed evenly between fixed X-ray and portable X-ray.

Novant Health Cabarrus Medical Center Operating Rooms Projected Utilization			
	1st Full FY CY 2030	2nd Full FY CY 2031	3rd Full FY CY 2032
Operating Rooms			
Dedicated C-Section ORs	1	1	1
Total # of ORs	1	1	1
Surgical Cases			
# of C-Sections Performed in Dedicated C-Section ORs	97	158	259
Surgical Cases Performed in Procedure Rooms			
# of Inpatient Surgical Cases Performed in Procedure Rooms	321	521	855
# of Outpatient Surgical Cases Performed in Procedure Rooms	524	849	1,393
Total # of Surgical Cases Performed in Procedure Rooms	845	1,371	2,247

Source: Section Q, Form C.3b, page 121.

Novant Health Cabarrus Medical Center Other Hospital Services Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2030	CY 2031	CY 2032
Emergency Department			
# of Treatment Rooms	16	16	16
# of Visits	4,556	7,389	12,116
Observation Beds (unlicensed)			
# of Beds	12	12	12
Days of Care	400	648	1,063
Laboratory			
Tests	25,529	41,399	67,886
Pharmacy			
Units	135,324	219,449	359,857
Physical Therapy			
Treatments	474	769	1,261
Speech Therapy			
Treatments	143	231	379
Occupational Therapy			
Treatments	416	674	1,105

Source: Section Q, Form C.4b, page 122.

In Section Q, pages 123-134, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Acute Care Beds (pages 124-134)

The applicant identified the service area for the proposed project as Cabarrus County, Stanly County, and for selected Rowan County zip codes along the shared border of Cabarrus and Rowan County.

Step 1: Determine Base Year Volume for Projections. CY 2023 was the basis for projecting future volume. The applicant used Hospital Industry Data Institute (HIDI) data to analyze the inpatient volume at area hospitals within the Core Acute Care (CAC) Medical Severity Diagnosis-Related Groups (MSDRGs). The analysis included discharges for patients residing in the identified service area. The following tables illustrate all acute care discharges (not limited to CAC MSDRGs) and the acute care discharges within the CAC MSDRGs in the service area during CY 2023.

Table Q.1 NH Cabarrus Service Area Acute Care Discharges, CY 2023	
Area	2023
Cabarrus County	19,065
Rowan Co. Selected Zip Codes	3,222
Stanly County	6,403
Total	28,690

Source: Section Q, page 124; HIDI Inpatient Database.

Table Q.2 NH Cabarrus Service Area Discharges Within CAC MSDRGs CY 2023	
Area	2023
Cabarrus County	11,018
Rowan Co. Selected Zip Codes	1,867
Stanly County	3,671
Total	16,556

Source: Section Q, page 125; HIDI Inpatient Database.

The service area discharges within the CAC MSDRGs equate to approximately 58 percent of all acute care discharges ($16,556 \div 28,690 = .58$).

Step 2: Project Service Area Discharges Within CAC MDSRGs. The applicant applied the respective population growth rates to Cabarrus County and Stanly County, and the weighted population growth rate for the selected Rowan County zip codes. The applicant assumes the annual population growth rates will extend forward through the third year of the project. Then the applicant projected service area CAC MSDRG discharges based on the respective population growth rates applied to the 2023 CAC MSDRG discharges.

Table Q.3a Projected Population Growth Cabarrus County and Stanly County		
Year	Cabarrus Co.	Stanly Co.
2023	242,880	64,999
2024	246,620	65,293
2025	250,391	65,587
2026	254,634	65,884
2027	259,508	66,177
2028	264,881	66,472
2029	270,420	66,767
2030	275,787	67,060
2031	280,768	67,356
2032	285,352	67,650
CAGR	1.8%	0.4%

Source: Section Q, page 125; NC OSBM, Vintage 2024.

Table Q.3b Projected Population Growth: Selected Rowan County Zip Codes			
Zip Code	2024	2029	CAGR
28071	3,083	3,166	0.5%
28081	30,432	32,279	1.2%
28082	18,535	20,932	2.5%
28083	27,191	28,632	1.0%
28138	11,076	11,302	0.4%
Total	90,317	96,311	1.3%

Source: Section Q, page 126

Note: Sg2 is the source for the zip code population projections. Sg2 only provides zip code population projections for 2024 and 2029. Novant Health expects the respective zip code to continue at comparable rates beyond 2029.

Table Q.4 Projected Service Area Discharges Within CAC MSDRGs									
Area	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cabarrus County	11,217	11,420	11,626	11,836	12,050	12,268	12,489	12,715	12,945
Rowan Zip Codes	1,891	1,916	1,940	1,965	1,991	2,017	2,043	2,069	2,096
Stanly County	3,687	3,704	3,720	3,737	3,753	3,770	3,787	3,804	3,821
Total	16,796	17,039	17,287	17,538	17,794	18,054	18,319	18,588	18,861

Source: Section Q, Page 126.

Step 3: Project Discharges at NH Cabarrus. The applicant assumes that a portion of its current share in the service area will shift to the new hospital. Novant Health's current share of discharges represents Cabarrus County patients who have chosen to receive care from Novant Health outside the county, primarily in Mecklenburg County. The applicant projects that 30 percent of its existing share of discharges in the service area will shift to NH Cabarrus in project year one, with a gradual increase of 10 percent in years two and three, respectively. The applicant states that it believes these assumptions are reasonable based on its experience developing new community hospitals, existing provider relationships, and time for patients and providers to adapt to a new facility.

Area	Table Q.5 Novant Health Share of Service Area CAC MSDRG Discharges CY 2023		
	NH Discharges	SA Discharges*	NH Share
Cabarrus County	1,161	11,018	10.5%
Rowan Zip Codes	424	1,867	22.7%
Stanly County	374	3,671	10.2%

Source: Section Q, page 126.

*SA= Service Area

Table Q.6 Percentage Shift of Novant Health Share of Discharges to NH Cabarrus							
Area	Current Share	% of Existing Share that Will Shift to NH Cabarrus			Projected Discharges Based on % of Shared Shift		
	2023	2030	2031	2032	2030	2031	2032
Cabarrus County	10.5%	30.0%	40.0%	50.0%	395	536	682
Rowan Zip Codes	22.7%	30.0%	40.0%	50.0%	139	188	238
Stanly County	10.2%	30.0%	40.0%	50.0%	116	155	195

Source: Section Q, page 127.

Note: Example: 2030 Cabarrus County: 30.0% x 10.5% = 3.15% x 12,489 = 395

The applicant projected that NH Cabarrus will capture an incremental share of discharges (share not based on a shift of existing Novant Health acute care discharges) in keeping with its historical experience developing de novo community hospitals. The following table illustrates the incremental share of discharges the applicant projects to be served at NH Cabarrus during the first three project years.

Table Q.7 Incremental Share of Discharges to be Served at NH Cabarrus						
Area	% of Existing Share that Will Shift to NH Cabarrus			Projected Discharges Based on % of Shared Shift		
	2030	2031	2032	2030	2031	2032
Cabarrus County	3.5%	7.0%	14.0%	437	890	1,812
Rowan Zip Codes	1.0%	1.5%	2.0%	20	31	42
Stanly County	1.0%	1.5%	2.0%	38	57	76

Source: Section Q, page 128.

The applicant stated that the annual projected share of discharges and resulting discharges are reasonable and well-supported based on the following factors:

- The applicant already operates several clinics in Cabarrus and Rowan Counties.
- Letters of support from physicians currently serving patients in the service area.
- Novant Health's reputation for delivering high-quality acute care services across North Carolina.
- The new hospital will feature state-of-the-art facilities.
- The new hospital will be strategically located to ensure accessibility for patients and physicians.
- The new hospital is positioned to serve the expanding community.

Table Q.8 Projected NH Cabarrus Discharges Based on Share of Discharges						
Area	Share of Existing NH Share			Incremental Share		
	2030	2031	2032	2030	2031	2032
Cabarrus County	395	536	682	437	890	1,812
Rowan County Selected Zip Codes	139	188	238	20	31	42
Stanly County	116	155	195	38	57	76
Total	650	879	1,115	495	978	1,931

Source: Section Q, page 129.

Table Q.9 Projected NH Cabarrus Discharges Based on Share of Discharges			
Area	2030	2031	2032
Cabarrus County	832	1,426	2,494
Rowan County Selected Zip Codes	160	219	280
Stanly County	154	212	271

Source: Section Q, page 129.

Table Q.10 NH Cabarrus Projected Share of CAC MSDRGs			
Area	2030	2031	2032
Cabarrus County	6.7%	11.2%	19.3%
Rowan County Selected Zip Codes	7.8%	10.6%	13.4%
Stanly County	4.1%	5.6%	7.1%
Service Area Total	6.3%	10.0%	16.1%

Source: Section Q, page 129.

The applicant assumes that the total acute care discharges (Table Q.1) increase by the same population growth rate identified in Step 2 of the methodology. The following table illustrates NH Cabarrus's effective projected share of all acute care discharges in the service area.

Table Q.11 NH Cabarrus Projected Share of All Acute Care Discharges			
Area	2030	2031	2032
Cabarrus County	3.8%	6.5%	11.1%
Rowan County Selected Zip Codes	4.5%	6.1%	7.7%
Stanly County	2.3%	3.2%	4.1%
Service Area Total	3.6%	5.8%	9.3%

Source: Section Q, page 130.

Step 4: Project In-Migration. The applicant assumes that it will serve a portion of patients originating from outside of the identified service area. The applicant projects that 10 percent of total discharges will originate from outside of the identified service area. The applicant states that it expects the in-migration to primarily consist of patients from the remaining counties within HSA III and adjacent HSAs.

Table Q.12 NH Cabarrus Total Discharges During First Three Project Years			
Area	2030	2031	2032
Cabarrus County	832	1,426	2,494
Rowan County Selected Zip Codes	160	219	280
Stanly County	154	212	271
In-Migration	127	206	338
Total Discharges	1,272	2,063	3,384

Source: Section Q, page 130.

Step 5: Project Inpatient Days of Care at NH Cabarrus. The applicant reviewed discharges and days of care within the CAC MSDRGs served at its acute care hospitals during CY 2023 and applied the respective average length of stay (ALOS) to the projected acute care discharges to project inpatient days of care.

Table Q.13 Service Area CAC MSDRG Discharges and Days of Care Served at Novant Health Hospitals		
Area	Discharges	Days of Care
Cabarrus County	1,161	4,145
Rowan Selected Zip Codes	424	2,008
Stanly County	374	1,274
Total	1,959	7,427
ALOS	3.8	

Source: Section Q, page 131.

Table Q.14 NH Cabarrus Projected Discharges and Days of Care			
	2030	2031	2032
Acute Care Discharges	1,272	2,063	3,384
Days of Care	4,824	7,823	12,828
Average Daily Census (ADC)	13.2	21.4	35.1
% Occupancy	26.4%	42.9%	70.3%

Source: Section Q, page 131.

ICU Bed Utilization

The applicant is proposing to develop six ICU beds. The applicant reviewed historical ICU days of care at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill. The applicant stated that these facilities were identified as reasonable proxies for the proposed project due to their alignment in scope of services, location, and operational experience. The applicant projects that a portion of the respective facilities' existing share of discharges will shift to NH Cabarrus as described in Step 3. The applicant states that the historical experience of the NH facilities is a reasonable reflection of the utilization expected at NH Cabarrus.

Table Q.15 Novant Health ICU Days of Care FY 2024					
	NH Mint Hill	NH Matthews*	NH Ballantyne^	NH Huntersville	Total
ICU Days	1,163	2,057	767	1,835	5,822
Total Days	8,061	40,959	6,170	36,670	91,860
ICU % of Total Days	14.4%	5.0%	12.4%	5.0%	6.3%

Source: Section Q, page 132

*Total days of care excludes NICU days

^NH Ballantyne does not have licensed ICU beds. It operates four intermediate acute care beds that provide an elevated level of care beyond standard medical/surgical beds. The applicant determined that including NH Ballantyne's intermediate acute care days in the analysis was appropriate because these beds offer a higher level of care than general med/surg and are more closely aligned with the intensity of ICU-level services.

The smaller community hospitals, Novant Health Mint Hill (36 beds) and Novant Health Ballantyne (36 beds), exhibit a higher percentage of total ICU days compared to their larger counterparts. The applicant applied the average ICU experience for the identified facilities (6.3 percent of total ICU Days) to project ICU utilization at NH Cabarrus.

Table Q.16 NH Cabarrus ICU Days of Care			
	2030	2031	2032
ICU Days	306	496	813
Total Days	4,824	7,823	12,828
ICU # of Total Days	6.3%	6.3%	6.3%

Source: Section Q, page 132.

Labor, Delivery, Recovery and Postpartum (LDRP) Bed Utilization

The applicant is proposing to develop eight LDRP beds. The applicant reviewed historical obstetrics days of care at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill. The applicant stated that these facilities were identified as reasonable proxies for the proposed project due to their alignment in scope of services, location, and operational experience. The applicant projects that a portion of the respective facilities' existing share of discharges will shift to NH Cabarrus as described in Step 3.

Table Q17 Novant Health Obstetrics Days of Care					
FY 2024					
	NH Mint Hill	NH Matthews*	NH Ballantyne^	NH Huntersville	Total
Obstetrics	1.193	5,387	901	5,623	13,104
Total Days	8,061	40,959*	6,170	36,670	91,860
ICU % of Total Days	14.8%	13.2%	14.6%	15.3%	14.3%

Source: Section Q, page 133

*Total days of care excludes NICU days

The applicant applied the average obstetrics experience of the identified facilities (14.3 percent of the total acute care days) to project utilization at NH Cabarrus.

Table Q.18 NH Cabarrus Obstetrics Days of Care			
	2030	2031	2032
ICU Days	688	1,116	1,830
Total Days	4,824	7,823	12,828
ICU # of Total Days	14.3%	14.3%	14.3%

Source: Section Q, page 133.

The applicant projected obstetrics discharges for the purpose of projecting the number of C-Section cases to be performed in the dedicated C-Section operating room. The applicant reviewed the average length of stay for service area obstetrics in the CAC MSDRGs that were served at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill.

Table Q.19 Service Area Obstetrics Discharges and Days of Care Within CAC MSDRGs Served at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill	
Obstetrics Discharges	349
Obstetrics Days of Care	774
Average Length of Stay	2.2

Section Q, page 133.

To project obstetrics discharges at NH Cabarrus, the applicant divided projected days of care by the average length of stay (2.2).

Table Q.20 NH Cabarrus Obstetrics Discharges and Days of Care			
	2030	2031	2032
Obstetric Days	688	1,116	1,830
Obstetric Discharges	310	503	825
ICU # of Total Days	14.3%	14.3%	14.3%

Source: Section Q, page 134.

NH Cabarrus is proposing to develop one dedicated C-Section operating room. The applicant reviewed historical utilization at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill to project C-Section cases.

Table Q.21 Historical Birth Utilization by Type, FFY 2024		
	Total	% of Total
Live Births – Vaginal Deliveries	3,764	68.1%
Live Births – C-Section	1,734	31.4%
Stillbirths	28	0.5%
Total	5,526	100.0%

Source: Section Q, page 134; 2025 License Renewal Applications.

During FFY 2024, approximately 31.4 percent of births were delivered via Cesarean Section. The applicant projects that NH Cabarrus will experience similar utilization as illustrated in the table below.

Table Q.22 NH Cabarrus C-Section OR Cases			
	2030	2031	2032
Obstetrics Discharges	310	503	825
C-Section OR Cases	97	158	259

Source: Section Q, page 134.

Observation Bed Utilization

The applicant proposed project includes 12 observation beds. The applicant reviewed historical observation experience at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill. The applicant stated that these facilities were identified as reasonable proxies for the proposed project due to their alignment in scope of services, location, and operational experience. The applicant projects that a portion of the respective facilities' existing share will shift to NH Cabarrus as described in Step 3.

Table Q.23 Novant Health Observation Experience, FFY 2024			
	Discharges	Observations	Ratio to Discharges
NH Mint Hill	2,937	1,739	0.59
NH Ballantyne	1,974	951	0.48
NH Huntersville	9,877	2,778	0.28
NH Matthews	9,875	2,984	0.30
Total	14,786 [24,663]*	5,674 [8,452]*	0.34

Source: Section Q, page 135; 2025 Hospital License Renewal Applications.

*Project Analyst calculations in brackets.

During FFY 2024, the ratio of observation patients to discharges at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill was 0.34. The respective patients had an Average Length of Stay (ALOS) of 22 hours. The applicant projects the same ratio for NH Cabarrus based on the historical experience of the identified facilities.

Table Q.24 NH Cabarrus Observation Utilization				
	Ratio to Discharges	2030	2031	2032
IP Discharges	1.00	1,272	2,063	3,384
Observation Cases	0.34	436	707	1,160
Observation Hours (22 Hours Per Case)		10,742	9,593	15,557
Observation Days (Observation Hours ÷ 24)		473	400	648

Source: Section Q, page 135.

Surgical Utilization

The applicant reviewed the distribution of non-surgical vs. surgical inpatient discharges for service area patients within the CAC MDSRGs to project inpatient surgical utilization at NH Cabarrus.

Table Q.25 Service Area Surgical and Non-Surgical Discharges		
	2023	% of Total
Non-Surgical Discharges	12,374	74.7%
Surgical Discharges	4,182	25.3%
Total	16,556	100.0%

Source: Section Q, page 136; HIDI Inpatient Database.

According to HIDI CY 2023 data, approximately 25.3 percent of discharges were attributable to surgical inpatients and approximately 74.7 percent of discharges were attributable to medical, non-surgical discharges. The applicant utilized this data to project the distribution of medical and surgical patients at NH Cabarrus.

Table Q.26 NH Cabarrus Medical/Surgical Inpatients			
	2030	2031	2032
Medical Inpatients (74.7%)	951	1,542	2,529
Surgical Inpatients (25.3%)	321	521	855
Total Medical/Surgical Discharges	1,272	2,063	3,384

Source: Section Q, page 136.

The applicant projects NH Cabarrus will perform one inpatient surgical case for each surgical inpatient discharge.

Table Q.27 NH Cabarrus Inpatient Surgical Cases			
	2030	2031	2032
Inpatient Surgical Cases	321	521	855

Source: Section Q, page 136.

The applicant reviewed the FFY 2024 ratio of outpatient surgical cases to discharges at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill to project outpatient surgical cases at NH Cabarrus.

Table Q.28 Ratio of Outpatient to Inpatient Discharges FY 2024					
	NH Mint Hill	NH Matthews	NH Ballantyne	NH Huntersville	Total
Discharges	2,937	9,864 [9,875]*	1,974	9,877	24,652
Ambulatory Surgery	1,408	4,490	1,471	2,778	10,147
Ratio Amb Surg to Discharges	0.479	0.455	0.745	0.281	0.412

Source: Section Q, page 136; 2025 Hospital License Renewal Applications.

*Project Analyst correction in brackets.

During FFY 2024, the ratio of outpatient surgeries to discharges at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill was 0.412. The applicant projects the same ratio for NH Cabarrus based on historical experience. The following table provides the projected outpatient surgical cases at NH Cabarrus.

Table Q.29 NH Cabarrus Outpatient Surgical Cases			
	2030	2031	2032
Discharges	1,272	2,063	3,384
Ratio of OP Surgical Cases to Discharges	0.412	0.412	0.412
Outpatient Surgical Cases	524	849	1,393

Source: Section Q, page 137.

Emergency Department Utilization

The applicant reviewed the distribution of inpatient discharges that were admitted through the emergency department (ED) for the service area patients within the CAC MSDRGs to project ED utilization at NH Cabarrus.

The following table relies on the ER flag in the HIDI data to identify inpatients who came through the ED.

Table Q.30 Service Area Emergency Department Admissions		
	2023	% of Total
Non-ED	4,147	25.0%
ED Admission	12,409	75.0%
Total	16,556	100.0%

Source: Section Q, page 137; HIDI Inpatient Database.

Approximately 75 percent of discharges were admitted via the ED. The applicant assumes the percentage of discharges in the CAC MSDRG set who come through the ED will remain stable through the first three years of operation. The table below applies these percentages to the projected inpatient discharges at NH Cabarrus.

Table Q.31 NH Cabarrus Inpatient Emergency Department Visits				
	Ratio to Discharges	2030	2031	2032
IP Discharges	1.00	1,272	2,063	3,384
IP ED Visit	0.75	954	1,547	2,536

The applicant reviewed the ratio of outpatient ED visits to inpatient discharges at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill to project outpatient ED visits.

Table Q.32 Ratio of Outpatient Emergency Department Visits to Inpatient Discharges, FFY 2024					
Novant Health Facility	Discharges	A	B	C=A-B	Ratio OP ED Visits: Discharges
		ED Visits	ED Visits Admitted	OP ED Visits	
NH Mint Hill	2,937	30,549	2,267	28,282	9.63
NH Ballantyne	1,974	16,894	1,522	15,372	7.79
NH Matthews	9,877[9,875]*	2,778 [32,460]	41,125 [6125]	6,369 [26,335]	3.52 [2.67]
NH Huntersville	9,875 [9,877]*	2,984 [41,125]	32,460[6,369]	6,125[34,756]	2.67[3.52]
Total	24,663	8,452 [121,028]	121,028 [16,283]	16,283 [104,745]	4.25

Source: Section Q, page 138; 2025 Hospital License Renewal Applications.

Note: Project Analyst corrections based on License Renewal Applications and calculations are in brackets.

During FFY 2024, the ratio of outpatient ED visits to discharges at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill was 4.25. The applicant considered the presence of existing and approved hospitals, as well as freestanding emergency rooms (FSERs) in Cabarrus County. The applicant states that NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill operate in a highly competitive market that has multiple hospitals and FSERs within the Mecklenburg service area. The applicant states that it believes that the historical ratio of outpatient ED visits to discharges observed at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill serves as a reasonable benchmark for projecting ED visits and patient volume at NH Cabarrus. The applicant stated that it reduced this ratio by one-third when estimating utilization for NH Cabarrus to maintain conservative projections.

Table Q.33 NH Cabarrus Outpatient Emergency Departments Visits				
	Ratio to Discharges	2030	2031	2032
IP Discharges	1.00	1,272	2,063	3,384
OP ED Visits	2.83	3,603	5,842	9,580

Source: Section Q, page 139.

The following table combines projected inpatient and outpatient emergency department utilization.

Table Q.34 NH Cabarrus Emergency Department Visits			
	2030	2031	2032
IP ED Visits	954	1,547	2,536
OP ED Visits	3,603	5,842	9,580
Total ED Visits	4,556	7,389	12,116

Source: Section Q, page 139.

Imaging and Ancillary Utilization

The applicant proposes to provide imaging and other ancillary services to support its projected patients. The applicant reviewed utilization of the respective services at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill to project utilization for imaging services.

Table Q.35 NH Cabarrus, Inpatient Imaging Services CY 2024*				
NH Ballantyne, NH Huntersville, NH Matthews, NH Mint Hill	IP		OP	
	Volume	Per Patient Day	Volume	Per Patient Day
Total Inpatient Days	97,803	1.000	97,803	1.000
X-Ray Procedures	12,872	0.132	73,504	0.752
Nuclear Medical Procedures	602	0.006	2,921	0.030
Ultrasound Procedures	3,051	0.031	17,820	0.182
CT Scans	11,652	0.119	59,797	0.611
MRI Procedures (unweighted)	2,509	0.026	14,141	0.145
Echocardiogram	6,120	0.063	5,435	0.056

Source: Section Q, page 140; Novant Health internal data.

*Reflects 11 months data (January-November)

The applicant assumes that the projected utilization at NH Cabarrus will be comparable to the CY 2024 ratio of imaging procedures to inpatient days of care at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill.

Table Q.36 NH Cabarrus Inpatient Imaging Procedures				
	Ratio to IP Days	2030	2031	2032
Total Inpatient Days	1.000	4,824	7,823	12,828
X-Ray Procedures	0.132	635	1,030	1,688
Nuclear Medicine Procedures	0.006	30	48	79
Ultrasound Procedures	0.031	150	244	400
CT Scans	0.119	575	932	1,528
MRI Procedures (unweighted)	0.026	124	201	329
Echocardiogram	0.063	302	490	803

Source: Section Q, page 140.

Table Q.37 NH Cabarrus Outpatient Imaging Procedures				
	Ratio to IP Days	2030	2031	2032
Total Inpatient Days	1.000	4,824	7,823	12,828
X-Ray Procedures	0.752	3,625	5,879	9,641
Nuclear Medicine Procedures	0.030	144	234	383
Ultrasound Procedures	0.182	879	1,425	2,337
CT Scans	0.611	2,949	4,783	7,843
MRI Procedures (unweighted)	0.145	697	1,131	1,855
Echocardiogram	0.056	268	435	713

Source: Section Q, page 140.

Table Q.38 NH Cabarrus Total Imaging Procedures			
	2030	2031	2032
X-Ray Procedures	4,260	6,909	11,329
Nuclear Medicine Procedures	174	282	462
Ultrasound Procedures	1,029	1,669	2,737
CT Scans	3,524	5,715	9,371
MRI Procedures (unweighted)	821	1,332	2,184
Echocardiogram	570	924	1,516

Source: Section Q, page 141.

The applicant reviewed mobile MRI utilization at NH Ballantyne to project adjusted MRI procedures at NH Cabarrus.

Table Q.39 NH Ballantyne Mobile MRI Utilization By Type		
MRI Procedure Type	NH Ballantyne	% of Total
Base IP	441	19.7%
Complex IP	222	9.9%
Total IP	663	
Base OP	816	36.5%
Complex OP	757	33.9%
Total OP	1,573	
Total MRI Procedures	2,236	100.0%

Source: Section Q, page 141; 2025 License Renewal Application.

The applicant assumes MRI utilization by scan type at NH Cabarrus will be comparable to NH Ballantyne. The applicant states that NH Ballantyne is comparable to NH Cabarrus because NH Ballantyne is geographically proximate to the proposed service area, comparable in size, and a new hospital with only mobile MRI access. The following table provides adjusted mobile MRI procedures at NH Cabarrus.

Table Q.40 NH Cabarrus Mobile MRI Utilization By Type				
MRI Procedure Type	% of Total	2030	2031	2032
Base IP	19.7%	162	263	431
Complex IP	9.9%	82	132	217
Total IP		244	395	648
Base OP	36.5%	300	486	797
Complex OP	33.9%	278	451	739
Total OP		578	937	1,536
Total MRI Procedures		821	1,332	2,184

Source: Section Q, page 141.

The following table calculates adjusted mobile MRI procedures based on the weight by procedure type.

Table Q.41 NH Cabarrus Mobile MRI Utilization Adjusted Procedures				
MRI Procedure Type	Weight	2030	2031	2032
Base IP	1.82	294	478	783
Complex IP	2.12	173	280	460
Total IP		467	758	1,243
Base OP	1.00	300	486	797
Complex OP	1.21	337	547	896
Total OP		637	1,033	1,693
Total MRI Adjusted Procedures		1,104	1,791	2,936

Source: Section Q, page 142.

The following table provides historical ancillary service volume at NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill.

Table Q.42 Ancillary Services, CY 2024*		
NH Ballantyne, NH Huntersville, NH Matthews, NH Mint Hill	Volume	Per Patient Day
Total Inpatient Days	97,803	1.000
Laboratory	517,581	5.292
Physical Therapy	9,613	0.098
Speech Therapy	2,893	0.030
Occupational Therapy	8,425	0.086

Source: Section Q, page 142; Novant Health internal data.

*Reflects 11 months data (January-November)

The applicant assumes that the CY 2024 ratio of ancillary service utilization to inpatient days of care will be comparable to that of NH Cabarrus patients.

Table Q.43 NH Cabarrus Ancillary Services				
	Ratio to IP Days	2030	2031	2032
Total Inpatient Days	1.000	4,824	7,823	12,828
Laboratory	5.292	25,529	41,399	67,886
Physical Therapy	0.098	474	769	1,261
Speech Therapy	0.030	143	231	379
Occupational Therapy	0.086	416	674	1,105

Source: Section Q, page 142.

The applicant projects pharmacy units based on the CY 2024 experience of NH Matthews and NH Ballantyne as illustrated below.

Table Q.44 Pharmacy Units, CY 2024			
	Days of Care	Pharmacy Units	Ratio of Units per Day
NH Ballantyne	7,345	279,846	38.1
NH Matthews	47,013	1,245,036	26.5
Total	54,358	1,524,882	28.1

Source: Section Q, page 143; Novant Health internal data.

Table Q.45 NH Cabarrus Pharmacy Units			
	2030	2031	2032
Pharmacy Units	135,324	219,449	359,857

Source: Section Q, page 143.

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

- The applicant based the projected utilization at NH Cabarrus on HIDI data of acute care discharges within the CAC MSDRGs for patients in the identified service area in CY 2023.
- The applicant used the population growth rates for Cabarrus County and Stanly County and the weighted average population growth rate for the selected Rowan County zip codes to project the service area acute care discharges within the CAC MSDRGs.
- The applicant relied on data regarding discharges and days of care within the CAC MSDRGs served at its acute care hospitals during CY2023 and applied the respective ALOS to the projected acute care discharges to project inpatient days of care.
- The applicant projects that a portion of the patients in the service area that have received care from Novant Health outside of the county will shift to the new hospital.
- The applicant projects that NH Cabarrus will capture an incremental share of discharges (not based on a shift of existing Novant Health acute care discharges) based on its experience of developing new community hospitals.
- The applicant projects 10 percent of total discharges will originate from outside the identified service area.
- The applicant reviewed discharges and days of care within the CAC MSDRGs served at its acute care hospitals during CY 2023 and applied the respective average length of stay (ALOS) to the projected acute care discharge to project inpatient days of care.
- The applicant identified NH Ballantyne, NH Huntersville, NH Matthews, and NH Mint Hill as reasonable proxies for the proposed project due to their alignment in scope of services, location, and operations experience. The applicant used the data from these facilities to project ICU bed utilization and Labor, Delivery, Recovery, and Postpartum (LDRP) bed utilization.
- The applicant used reasonable methodologies and assumptions to demonstrate projected utilization and need for acute care beds.
- The applicant's projected utilization for the proposed acute care beds at NH Cabarrus exceeds the performance standard promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, pages 63-64, the applicant states that low-income persons, racial and ethnic minorities, women, disabled persons, persons 65 and older, Medicare beneficiaries, and Medicaid recipients will have access to NH Cabarrus. The applicant states that it does not discriminate on the basis of race, color, national origin, gender, disability, age, or the payor source. The applicant states that patients will receive the appropriate medical services regardless of their ability to pay.

The applicant provides the estimated percentage for each medically underserved group during the third full fiscal year, as shown in the following table.

Group	Estimated Percentage of Total Patients during the Third Full Fiscal Year
Low income persons	19.0%
Racial and ethnic minorities	33.7%
Women	51.7%
Persons with Disabilities*	
Persons 65 and older	44.0%
Medicare beneficiaries	31.0%
Medicaid recipients	15.0%

Source: Section C, page 64.

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

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

- The applicant provides a statement that underserved groups will have access to NH Cabarrus.
- The applicant provides documentation of its existing patient accessibility policies and patient financial policies in Exhibit C.6 and L.4 respectively.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 licensed acute care beds, for a total of 671 acute care beds on its license upon completion of this project and other projects under development.

Patient Origin

On page 33, the 2025 SMFP defines the service area for acute care beds as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 38, shows Cabarrus County as its own acute care bed service area. Atrium Health Cabarrus is located in Cabarrus County. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected origin.

Atrium Health Cabarrus (Main Campus)				
Acute Care Beds				
County	Historical CY 2023		Third Full FY of Operation following Project Completion CY 2034	
	Patients	% of Total	Patients	% of Total
Cabarrus	14,970	53.4%	20,092	53.9%
Rowan	3,660	13.1%	5,405	14.5%
Mecklenburg	3,259	11.6%	3,209	8.6%
Stanly	2,601	9.3%	3,578	9.6%
Iredell	608	2.2%	899	2.4%
Other^	2,929	10.5%	4,096	11.0%
Total	28,027	100.0%	37,278	100.0%

Source: Section C, pages 39 and 42.

^Other (Historical Patient Origin) include Gaston, Montgomery, Lincoln, Davidson, Catawba, York C, Anson, Cleveland, Guilford, Forsyth, Other NC Counties, and Other States.

^Other (Projected Patient Origin) includes Union, Lincoln, Gaston, Montgomery, Cleveland, Catawba, Anson, York SC, Davidson, Caldwell, Other NC Counties, and Other States.

Atrium Health Cabarrus (Main Campus)				
Entire Facility				
County	Historical CY 2023		Third Full FY of Operation following Project Completion CY 2034	
	Patients	% of Total	Patients	% of Total
Cabarrus	170,132	63.2%	208,407	63.3%
Rowan	38,714	14.4%	47,881	14.6%
Mecklenburg	23,094	8.6%	26,960	8.2%
Stanly	18,213	6.8%	22,263	6.8%
Iredell	4,746	1.8%	5,870	1.8%
Union	1,696	0.6%	2,098	0.6%
Other^	12,737	4.7%	15,523	4.7%
Total	269,332	100.0%	329,002	100.0%

Source: Section C, pages 40 and 43.

^Other includes Gaston, Montgomery, Lincoln, Davidson, Catawba, York SC, Anson, Cleveland, Guilford, Forsyth, Other NC Counties, and Other States.

In Section C, page 41, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant states that it projected patient origin for its acute care beds is based on its existing patient origin, modified to account for projected shifts to Atrium Health Harrisburg. The applicant assumes that the patients shifting to Atrium Health Harrisburg originate from Cabarrus, Mecklenburg, Stanly, and other counties.
- The applicant states that its projected patient origin for Atrium Health Cabarrus's entire main campus facility is based on the CY 2023 patient origin for Atrium Health Cabarrus's entire main campus facility, and an assumed growth rate of 2.0 percent per year based on the Cabarrus County projected population growth rated and adjusted for the projected shift to Atrium Health Harrisburg.

Analysis of Need

In Section C, pages 44-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- **Population Growth and Aging of Cabarrus County.** According to data from the North Carolina Office of State Budget and Management (NC OSBM), Cabarrus County's population grew 10 percent between 2020 and 2025, which is roughly 23,000 residents. Also, according to data from NC OSBM, Cabarrus County's population aged 65 and older is projected to grow 3.7 percent annually over the next five years, or 19.9 percent overall. The applicant states that the growing population of residents 65 and older will require more access to services in the future, as older residents typically utilize healthcare services more frequently than younger residents.

- **Need for Additional Acute Care Bed Capacity in Cabarrus County.** The 2025 SMFP identified a need for 126 additional acute care beds to be located in Cabarrus County. The applicant states that Atrium Health Cabarrus has experienced an increase in acute care bed utilization, with current occupancy exceeding 95 percent. The applicant states that the high occupancy rates are a detriment to the community because Atrium Health Cabarrus is sometimes limited in its ability to accept the transfer of a patient in need of tertiary level of care from an outside facility and surgical cases are frequently delayed due to the appropriate level of beds not being available for the patient upon completion of the surgery. The applicant states that the continued development of Atrium Health Cabarrus as a tertiary facility is also expected to result in utilization growth.

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

- The 2025 SMFP shows a need for 126 acute care beds in Cabarrus County.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.

Projected Utilization

In Section Q, pages 113-118, the applicant provides historical and projected utilization, as illustrated in the following table.

Atrium Health Cabarrus (Main Campus) Acute Care Bed Historical and Interim Utilization								
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total # of Beds*	427	427	427	427	514	501	501	501
# of Discharges	28,027	29,572	30,790	31,818	32,881	33,154	33,093	33,356
# of Patient Days	139,559	149,482	154,476	159,638	164,972	167,419	168,679	171,186
Average Length of Stay (ALOS)	4.98	5.05	5.02	5.02	5.02	5.05	5.10	5.13
Occupancy Rate	89.5%	95.9%	99.1%	102.4%	87.9%	91.6%	92.2%	93.6%

Source: Section Q, Form C.1a, page 113.

*Excludes neonatal beds

Atrium Health Cabarrus (Main Campus) Acute Care Bed Utilization Upon Project Completion				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2031	CY 2032	CY 2033	CY 2024
Total # of Beds*	627	627	627	627
# of Discharges	34,310	35,283	36,272	37,278
# of Patient Days	176,310	181,555	186,919	192,401
Average Length of Stay	5.14	5.15	5.15	5.16
Occupancy Rate	77.0%	79.3%	81.7%	84.1%

Source: Section Q, Form C.1b, page 114.

*Excludes neonatal beds

Atrium Health Harrisburg Acute Care Bed Interim Utilization			
	Interim Full FY	Interim Full FY	Interim Full FY
	CY 2028	CY 2029	CY 2030
Total # of Beds*	44	44	44
# of Discharges	826	2,022	2,933
# of Patient Days	3,065	7,501	10,881
Average Length of Stay	3.71	3.71	3.71
Occupancy Rate	19.1%	46.7%	67.8%

Source: Section Q, Form C.1a, page 115.

*Excludes neonatal beds

Atrium Health Harrisburg Acute Care Bed Utilization Upon Project Completion				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2031	CY 2032	CY 2033	CY 2024
Total # of Beds*	44	44	44	44
# of Discharges	3,191	3,472	3,777	4,109
# of Patient Days	11,840	12,881	14,014	15,246
Average Length of Stay	3.71	3.71	3.71	3.71
Occupancy Rate	73.7%	80.2%	87.3%	94.9%

Source: Section Q, Form C.1b, page 116.

*Excludes neonatal beds

Atrium Health Cabarrus (License) Acute Care Bed Historical and Interim Utilization								
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Total # of Beds*	427	427	427	427	514	545	545	545
# of Discharges	28,027	29,572	30,790	31,818	32,881	33,980	35,115	36,289
# of Patient Days	139,559	149,482	154,476	159,638	164,972	170,484	176,180	182,067

Average Length of Stay	4.98	5.05	5.02	5.02	5.02	5.02	5.02	5.02
Occupancy Rate	89.5%	95.9%	99.1%	102.4%	87.9%	85.7%	88.6%	91.5%

Source: Section Q, Form C.1a, page 117.

*Excludes neonatal beds

Atrium Health Cabarrus (License) Acute Care Bed Utilization Upon Project Completion				
	Partial FY CY 2031	1st Full FY CY 2032	2nd Full FY CY 2033	3rd Full FY CY 2024
Total # of Beds*	671	671	671	671
# of Discharges	37,501	38,754	40,049	41,387
# of Patient Days	188,150	194,437	200,933	207,647
Average Length of Stay	5.02	5.02	5.02	5.02
Occupancy Rate	76.8%	79.4%	82.0%	84.8%

Source: Section Q, Form C.1b, page 118.

*Excludes neonatal beds

In Section Q, pages 119-122, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Atrium Health Cabarrus License

- The applicant began by looking at historical utilization at Atrium Health Cabarrus. According to the applicant's internal data, acute care days at Atrium Health Cabarrus grew from CY 2019 to CY 2024 at a compound annual growth rate (CAGR) of 6.7 percent as illustrated in the table below.

Atrium Health Cabarrus (License) Historical Acute Care Bed Utilization							
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024*	CY19-CY24 CAGR
Acute Care Days	108,174	107,346	126,417	137,388	139,559	149,482	6.7%
Average Daily Census	296	294	346	376	382	410	
Number of Acute Care Beds in Operation	427	427	427	427	427	427	
Occupancy Rate	69.4%	68.9%	81.1%	88.2%	89.5%	95.9%	

Source: Section Q, page 119; CMHA internal data.

*CY 2024 acute care days are based on actual January – November utilization and annualized using historical seasonal utilization patterns from CY 2023.

- Atrium Health Cabarrus License.** The applicant projects that total acute care days on the Atrium Health Cabarrus license will grow at a CAGR of 3.3 percent, representing half of the historical 6.7 percent CAGR because the applicant determined that half of the CY 2019 to CY 2024 historical CAGR would strike a balance between conservative forecasting and reasonable growth expectations. The table below summarizes the projected acute care

utilization for the entire Atrium Health Cabarrus License which includes the main campus and the Atrium Health Harrisburg campus.

Atrium Health Cabarrus (License) Projected Acute Care Bed Utilization											
	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Acute Care Days	149,482	154,476	159,638	164,972	170,484	176,180	182,067	188,150	194,437	200,933	207,647
Average Daily Census	410	423	437	452	467	483	499	515	533	551	569
Acute Care Beds	427	427	427	514 [^]	545 ^{^^}	545	545	671 ^{^^^}	671	671	671
Occupancy	95.9%	99.1%	102.4%	87.9%	85.7%	88.6%	91.5%	76.8%	79.4%	82.0%	84.8%

Source: Section Q, page 120.

*CY 2024 acute care days are based on actual January – November utilization and annualized using historical seasonal utilization patterns from CY 2023.

[^]Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21 (operational July 1, 2027) and 65 acute care beds approved pursuant to Project ID# F-12367-23 (operational July 1, 2027) at the main campus.

^{^^}Includes the addition of 31 acute care beds approved pursuant to Project ID# F-12505-24 (operational May 1, 2028) at the Atrium Health Harrisburg campus.

^{^^^}Includes the addition of 126 acute care beds proposed in this application (projected operational May 1, 2031).

As shown in the table above, in CY 2034 (the third operating year following project completion), the applicant projects that the occupancy rate for all acute care beds on the Atrium Health Cabarrus license will be 84.8%. Under the performance standard promulgated in 10A NCAC 14C .3803 Criteria and Standards for Acute Care Hospital Beds, the license is projected to exceed the targeted occupancy rate of 78% if the ADC is greater than 400.

- **Atrium Health Harrisburg.** The applicant projects that total acute care days at the Atrium Health Harrisburg campus will be at a CAGR of 8.8 percent and this is based on the shift to Atrium Health Harrisburg campus from Atrium Health Cabarrus main campus. The applicant states that 100 percent of the acute care days at Atrium Health Harrisburg are projected to shift from Atrium Health Cabarrus's main campus. Projected acute care utilization at the Atrium Health Harrisburg campus is illustrated in the table below.

Atrium Health Harrisburg Projected Acute Care Bed Utilization							
	CY 2028*	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Acute Care Days	3,065	7,501	10,881	11,840	12,881	14,014	15,246
Average Daily Census	8	21	30	32	35	38	42
Acute Care Beds	44	44	44	44	44	44	44
Occupancy	19.1%	46.7%	67.8%	73.7%	80.2%	87.3%	94.9%

Source: Section Q, page 121.

*Atrium Health Harrisburg will open 44 acute care beds on May 1, 2028 (partial year of operation).

- **Atrium Health Cabarrus (Main Campus).** The applicant subtracted the total number of acute care days projected at Atrium Health Harrisburg from the total number of acute care days projected for the Atrium Health Cabarrus license overall to project the number of days to be served at the main campus. Projected acute care bed utilization at Atrium Health Cabarrus's main campus is illustrated in the table below.

Atrium Health Cabarrus (Main Campus) Projected Acute Care Bed Utilization											
	CY 2024*	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Acute Care Days	149,482	154,476	159,638	164,972	167,419	168,679	171,186	176,310	181,555	186,919	192,401
Average Daily Census	410	423	437	452	459	462	469	483	497	512	527
Acute Care Beds	427	427	427	514^	501^^	501	501	627^^^	627	627	627
Occupancy	95.9%	99.1%	102.4%	87.9%	91.6%	92.2%	93.6%	77.0%	79.3%	81.7%	84.1%

Source: Section Q, page 121.

*CY 2024 acute care days are based on actual January – November utilization and annualized using historical seasonal utilization patterns from CY 2023.

^Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21 (operational July 1, 2027) and 65 acute care beds approved pursuant to Project ID# F-12367-23 (operational July 1, 2027) at Atrium Health Cabarrus (main campus).

^^Exclude the 13 acute care beds approved to relocate from the main campus to the Atrium Health Harrisburg campus pursuant to Project ID# F-12505-24 (on May 1, 2028).

^^^Includes the addition of 126 acute care beds proposed in this application (projected operational May 1, 2031).

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

- The applicant relied on historical utilization at Atrium Health Cabarrus to project future growth.
- The applicant accounts for the shift in acute care days from Atrium Health Cabarrus to Atrium Health Harrisburg.
- The applicant used reasonable methodologies and assumptions to demonstrate projected utilization and need for acute care beds.
- The applicant's projected utilization for the proposed acute care beds at Atrium Health Cabarrus exceeds the performance standard promulgated in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

In Section C, page 58, the applicant states:

“Consistent with all CMHA facilities, Atrium Health Cabarrus provides services to all people in need of medical care and will continue to following the proposed project. ...As noted in CMHA’s Non-Discrimination Policy Statement, ‘[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of Atrium Health on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’ CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing –for all. This includes the medically underserved.”

The applicant provides the estimated percentage for each medically underserved group during the third full fiscal year, as shown in the following table.

Group	Estimated Percentage of Total Patients during the Third Full Fiscal Year
Low income persons*	
Racial and ethnic minorities	25.0%
Women	62.7%
Persons with Disabilities*	
Persons 65 and older	38.9%
Medicare beneficiaries	43.2%
Medicaid recipients	14.3%

Source: Section C, page 59.

*CMHA does not maintain data regarding 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 based on the following:

- The applicant provides a statement that underserved groups will have access to Atrium Health Cabarrus.
- The applicant provides documentation of its existing Non-Discrimination Policies in Exhibit C.6.

Conclusion

The Agency reviewed the:

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

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

- (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.

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 – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section E, pages 73-74, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- **Maintain the Status Quo.** The applicant states that Novant Health could have not sought approval to develop a new acute care hospital. The applicant states that this is not the most effective alternative because it would fail to enhance competition within the acute care service area and deny patients the benefits of greater choice.
- **Develop a Different Number of Acute Care Beds at NH Cabarrus.** The applicant states that applying for a smaller number of acute care beds would be insufficient to adequately address the growing healthcare needs of service area residents. The applicant states that the proposed complement of 50 acute care beds would be adequate to promote operational efficiencies and economies of scale and enable the existing health system to expand its acute care capacity as needed.
- **Develop NH Cabarrus at a Different Location in the Service Area.** The applicant states that the proposed location is proximate to the highest volume of CAC MS DRG discharges within the service area and proximate to major thoroughfares and a different location is not the most effective alternative currently.

On pages 73 and 74, the applicant states that its proposal is the most effective alternative because it enhances competition, gives patients the benefit of greater choice, and the proposed location enhances access to acute care services for Cabarrus County residents.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need because the applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

In Section E, pages 70-71 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 the Proposed Additional Acute Care Beds at Atrium Health Harrisburg.** The applicant considered developing beds at Atrium Health Harrisburg, which would result in fewer beds at Atrium Health Cabarrus's main campus. The applicant states that it believes expanding capacity at Atrium Health Cabarrus main campus is a better choice because it will allow the ongoing expansion of tertiary services at Atrium Health Cabarrus main campus in support of the demand from the large and growing population. Therefore, this is a less effective alternative.
- **Develop the Proposed Additional Acute Care Beds at a New Location.** The applicant states that Atrium Health Cabarrus and Atrium Health Harrisburg already provide comprehensive coverage of Cabarrus County's core zip codes (28025, 28027, 28075, 28081, and 28083). Therefore, this is a less effective alternative.

On pages 70-71, the applicant states that its proposal is the most effective alternative because it allows for the ongoing expansion of tertiary services at Atrium Health Cabarrus and the existing and approved locations in Cabarrus County already provide accessibility to the County's population.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need because the applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons 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 cost of and charges for providing health services by the person proposing the service.

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 144, the applicant projects the total capital cost of the project, as shown in the table below.

Purchase Price of Land	\$17,484,250
Closing Costs	\$150,000
Site Preparation	\$25,441,623
Construction Contract(s)	\$207,431,040
Landscaping	\$3,361,875
Architect / Engineering Fees	\$23,623,454
Medical Equipment	\$22,965,770
Non-Medical Equipment	\$13,351,277
Furniture	\$9,650,802
Consultant Fees (specify)	\$35,000
Other (Contingency)	\$12,939,804
Total	\$336,434,895

In Section Q, page 157, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant's explanation of the capital cost line items provided on Form F.1a. The applicant provides supporting documentation in Exhibit F.1.

In Section F, pages 78-79, the applicant projects that start-up costs will be \$4,799,992 and initial operating expenses will be \$22,117,557 for a total working capital of \$26,917,549. On pages 78-79, 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 based on the following:

- The applicant assumes a 15-month initial operating period for cash in-flow to exceed cash outflow and to obtain Medicare certification.
- Start-up costs are projected based on staffing salaries and benefits for training.

Availability of Funds

In Section F, page 76, the applicant states that the entire projected capital cost of \$336,434,895 for the project will be funded with Novant Health, Inc.'s accumulated reserves.

In Section F, page 79, the applicant states that the working capital of \$26,917,549 for the project will be funded with Novant Health, Inc.'s accumulated reserves

In Exhibit F.2, the applicant provides a letter dated February 10, 2025, from the Executive Vice President and Chief Financial Officer of Novant Health, Inc., stating that Novant Health, Inc. has sufficient accumulated reserves to fund the projected capital and working capital costs and is committed to providing that funding to develop the proposed project.

Exhibit F.2 contains a copy of Novant Health, Inc. and Affiliates' Consolidated Financial Statements for the year ending December 31, 2023. According to the Financial Statements, as of December 31, 2023, Novant Health, Inc. had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. Although the applicant projects a loss for NH Cabarrus inpatient services in the first three full fiscal years following completion of the project, the applicant projects revenues will exceed expenses for the NH Cabarrus entire facility in the third full FY as shown in the tables below.

NH Cabarrus: Inpatient Services	1st Full FY	2nd Full FY	3rd Full FY
	CY 2030	CY 2031	CY 2032
Total Patient Days (Form C.1b)	4,824	7,823	12,828
Total Gross Revenue	\$41,478,028	\$69,289,502	\$117,067,351
Total Net Revenue	\$9,780,497	\$19,989,038	\$33,772,269
Average Net Revenue per Patient Day	\$2,027	\$2,555	\$2,633
Total Operating Expenses (Costs)	\$32,949,253	\$38,119,330	\$46,198,398
Average Operating Expense per Patient Day	\$6,830	\$4,873	\$3,601
Net Income	(\$23,168,756)	(\$18,130,292)	(\$12,426,130)

Source: Section Q, Form F.2b, page 146.

NH Cabarrus: Entire Facility	1st Full FY	2nd Full FY	3rd Full FY
	CY 2030	CY 2031	CY 2032
Total Patient Days (Form C.1b)	4,824	7,823	12,828
Total Gross Revenue	\$121,468,773	\$202,862,799	\$342,716,054
Total Net Revenue	\$28,479,568	\$54,607,250	\$92,254,019
Average Net Revenue per Patient Day	\$5,904	\$6,980	\$7,192
Total Operating Expenses (Costs)	\$62,617,855	\$71,588,654	\$85,066,831
Average Operating Expense per Patient Day	\$12,980	\$9,151	\$6,631
Net Income	(\$34,138,286)	(\$16,981,405)	\$7,187,188

Source: Section Q, Form F.2b, page 145.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 157-160. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable. Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

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

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

- The applicant adequately demonstrates that the capital 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 # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 123, the applicant projects the total capital cost of the project, as shown in the table below.

Construction / Renovation Contract(s)	\$132,581,000
Architect / Engineering Fees	\$8,411,000
Medical Equipment	\$18,721,000
Non-Medical Equipment	\$537,000
Furniture	\$2,776,000
Consultant Fees (specify)	\$300,000
Financing Costs	\$908,528
Interest during Construction	\$10,053,762
Other (IS, Security, Internal Allocation)	\$34,180,000
Total	\$208,468,290

In Section Q, page 124, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Construction/Renovation contract costs and architect/engineering fees are based on the experience of the project architect with similar projects.
- All other costs are based on the experience of CMHA with similar projects.

In Section F, page 75, the applicant states there will be no start-up costs or initial operating expenses because the proposed project does not involve a new service or facility.

Availability of Funds

In Section F, page 73, the applicant states that the entire projected capital cost of \$208,468,290 for the project will be funded with CMHA's accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated February 17, 2025, from the Executive Vice President and Chief Financial Officer of The Charlotte-Mecklenburg Hospital Authority, stating that CMHA will fund the projected capital cost with accumulated cash reserves.

Exhibit F.2-2 contains a copy of The Charlotte-Mecklenburg Hospital Authority's Financial Statements for the year ending December 31, 2023. According to the Financial Statements, as of December 31, 2023, CMHA had adequate cash and assets to fund all the capital needs of the proposed project.

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

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

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. Although the applicant projects a loss for Atrium Health Cabarrus (Main Campus) acute care beds in the first three full fiscal years following completion of the project, the applicant projects revenues will exceed expenses for the Atrium Health Cabarrus Total License as shown in the tables below.

Atrium Health Cabarrus (Main Campus) Acute Care Beds	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2031	CY 2032	CY 2033	CY 2034
Total Patient Days	176,310	181,555	186,919	192,401
Total Gross Revenue	\$902,314,203	\$957,034,161	\$1,014,868,680	\$1,075,968,926
Total Net Revenue	\$208,609,220	\$221,260,122	\$234,631,089	\$248,757,072
Average Net Revenue per Patient Day	\$1,183	\$1,218	\$1,255	\$1,293
Total Operating Expenses (Costs)	\$222,900,074	\$240,450,289	\$252,751,413	\$265,755,255
Average Operating Expense per Patient Day	\$1,264	\$1,324	\$1,352	\$1,381
Net Income	(\$14,290,854)	(\$19,190,167)	(\$18,120,324)	(\$16,998,184)

Source: Section Q, Form F.2b, page 132.

Atrium Health Cabarrus Total License	1st Full FY	2nd Full FY	3rd Full FY
	CY 2032	CY 2032	CY 2033
Total Patient Days (Form C.1b) p. 118	194,437	200,933	207,647
Total Gross Revenue	\$5,920,102,658	\$6,216,228,981	\$6,527,176,414
Total Net Revenue	\$1,367,555,579	\$1,435,625,915	\$1,507,093,092
Average Net Revenue per Patient Day	7,033	7,145	7,258
Total Operating Costs	\$1,113,540,537	\$1,166,189,748	\$1,221,445,433
Average Operating Expense per Patient Day	5,727	5,804	5,882
Net Income	\$254,015,042	\$269,436,167	\$285,647,659

Source: Section Q, Form F.2b, page 126.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 129-130 and 135-136. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable. See Section Q of the application regarding costs and charges. Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

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

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

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

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C – All Applications

The 2025 SMFP includes a need determination for 126 acute care beds in the Cabarrus County service area.

On page 33, the 2025 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Cabarrus County as its own acute care bed service area. Thus, the service area for the facilities in this review is the Cabarrus County service area. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 39 of the 2025 SMFP shows that Atrium Health Cabarrus is the only licensed acute care hospital in the service area.

As of the date of this decision, there are 545 existing and approved acute care beds in Cabarrus County.

Facility	Licensed Acute Care Beds	Adjustment for CONs/ Previous Need
2024 Acute Care Bed Need Determination	0	31
Atrium Health Cabarrus	427	87
Cabarrus Total	427	118

Source: 2025 SMFP, Table 5A, page 39.

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section G, pages 85-86, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved & services in the Cabarrus County service area. The applicant states:

“The proposed project will not result in unnecessary duplication of existing or approved facilities in Cabarrus County. The 2025 SMFP has identified a need for 126 additional acute care beds in the service area because acute care utilization in the service area is projected to exceed the capacity of the existing and approved acute care beds in Cabarrus County. Novant Health does not operate any hospitals in Cabarrus County.

...

Currently, there is only one acute care hospital provider in the service area; therefore, the Cabarrus County service area lacks competition. ...

While Atrium Health operates two freestanding emergency rooms (FSERs) in Cabarrus County, the respective FSERs do not offer inpatient services; thus, they are not comparable in scope to the services proposed at NH Cabarrus and will not result in any unnecessary duplication. Furthermore, Novant Health’s ED visit projections

are conservative in nature and considered the presence of the FSERs in the service area.”

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

- There is a need determination in the 2025 SMFP for the proposed acute care beds.
- The applicant provides information to explain why it believes the proposal to develop a new community hospital will not result in duplication of services.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds. The discussion regarding the demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

In Section G, page 82, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in the Cabarrus County service area. The applicant states:

“The 2025 SMFP includes a need determination for 126 additional acute care beds in Cabarrus County. Notably, the need in the 2025 SMFP was generated by the highly utilized acute care services at Atrium Health Cabarrus. Furthermore, even with a conservative projection using just half of Atrium Health Cabarrus's historical growth rate (3.3 percent) for acute care days, as shown in Form C, the facility is expected to reach 84.1 percent occupancy by the third project year. Thus, the proposed project will not result in any unnecessary duplication.”

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

- There is a need determination in the 2025 SMFP for the proposed acute care beds.
- The applicant states that even with its projection of half of Atrium Health Cabarrus's growth rate, Atrium Health Cabarrus is expected to reach 84.1 percent occupancy by the third project year.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds. The discussion regarding the demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

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

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

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

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section Q, page 153, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE Staff		
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2030	CY 2031	CY 2032
CRNAs	8.8	8.8	8.8
Registered Nurses	54.7	77.4	113.0
Surgical Technicians	14.0	14.0	14.0
Aides/Orderlies	13.4	18.5	27.2
Clerical Staff	29.0	29.0	29.0
Laboratory Technicians	14.0	14.0	14.0
Radiology Technologists	19.9	22.0	22.0
Pharmacists	4.0	4.0	4.0
Pharmacy Technicians	8.0	8.0	8.0
Physical Therapists	1.0	2.0	2.0
Speech Therapists	0.8	0.8	0.8
Occupational Therapists	1.0	1.0	1.0
Respiratory Therapists	8.5	8.5	8.5
Social Workers	6.5	6.5	6.5
Medical Records	1.0	1.0	1.0
Central Sterile Supply	18.0	18.0	18.0
Materials Management	5.0	5.0	5.0
Maintenance/Engineering	3.5	3.5	3.5
Administrator	18.3	18.3	18.3
Director of Nursing	0.5	0.5	1.0
Other (Public Safety)	9.0	12.7	12.7
Total	238.8	273.4	318.1

The assumptions and methodology used to project staffing are provided in Section Q, page 160. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b, page 149. In Section H, pages 87-90, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant states it will recruit through its established regional and corporate Human Resources Departments.
- The applicant states that it fills positions through recruitment ads, job fairs, open houses and the Novant Health website.
- The applicant states that it maintains an annual education budget at the corporate level to support employees in attending regional and state seminars and an annual budget for staff training to maintain licenses and certifications.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

In Section Q, page 137, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

	As of 12/31/2023	1st Full FY	2nd Full FY	3rd Full FY
		CY 2032	CY 2033	CY 2034
Registered Nurses	538.7	761.0	783.5	806.4
Certified Nursing Aides / Nursing Assistants	13.8	17.9	18.5	19.0
Supervisory	37.7	49.1	50.5	52.0
Technician	226.0	294.0	302.7	311.6
Clerical	3.4	4.4	4.5	4.6
Business Office	2.3	3.0	3.1	3.2
License Practical Nurse	20.1	26.2	27.0	27.8
Temporary Help	78.8	42.3	43.5	44.8
Total	920.8	1,197.9	1,233.3	1,269.4

The assumptions and methodology used to project staffing are provided in Section Q, page 138. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b, page 134. In Section H, pages 84-86, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant states that it fills positions through recruitment ads, job fairs, and offers co-worker referral bonuses.
- The applicant states that recruitment plans are created for hard-to-fill positions and strategic initiatives are reviewed annually.

Conclusion

The Agency reviewed the:

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

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

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

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

Ancillary and Support Services

In Section I, page 91, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 91-92, 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 with the supporting documentation provided in Exhibit I.1.

Coordination

In Section I, pages 92-93, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant has an existing healthcare system in North Carolina and collaborates with other local health care and social services providers in the service area and surrounding communities.
- In Exhibit I.1, the applicant provides letters demonstrating that the necessary ancillary and support services will be provided.
- In Exhibit I.2, the applicant provides letters of support from local healthcare and social service providers in Rowan County and Cabarrus County.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

Ancillary and Support Services

In Section I, page 87, the applicant identifies the necessary ancillary and support services for the proposed services. On page 87, 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 with the supporting documentation provided in Exhibit I.1.

Coordination

In Section I, page 88, the applicant describes its existing relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant has an existing healthcare facility in the service area and established relationships with area healthcare providers.
- In Exhibit I.2, the applicant provides letters of support from local physicians and other provider

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

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

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

NA – All Applications

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

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

NA – All Applications

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

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

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section K, page 96, the applicant states that the project involves constructing 210,045 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 97-99, 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 Exhibit K.4. The site appears to be suitable for the proposed acute care hospital based on the applicant's representations and supporting documentation.

On pages 96-97, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- In Exhibit F.1, the applicant provides a letter from its architect that estimates the costs for the construction of the acute care hospital.
- The discussion regarding the alternative methods considered and how the alternatives would be more costly or less effective found in Criterion (4) is incorporated herein by reference.

On page 97, 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 because the applicant states that the project costs incurred by Novant Health will be spread over the projected utilization and across the larger healthcare system.

In Section B, pages 28-30, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit K.3.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

In Section K, page 91, the applicant states that the project involves renovating 113,551 square feet of existing space. Line drawings are provided in Exhibit C.1-2.

On pages 91-92, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states that the overall layout of the new patient tower renovation is based on a configuration that provides the most efficient circulation and throughput for patients and caregivers.
- The applicant states that the exterior envelope of the new patient tower will be a mixture of materials that provide energy efficiency, low maintenance, and aesthetics complementary of surrounding buildings.
- The costs were derived from recent cost information using cost modeling tools.

On page 92, 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. The applicant states that CMHA has set aside excess revenues from previous years to enable it to pay for projects such as the one proposed in this application without necessitating an increase in costs or charges to pay for the project.

In Section B, pages 27-28, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

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

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

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

NA – Novant Health Cabarrus
C – Atrium Health Cabarrus

**Project ID # F-12588-25 / Novant Health Cabarrus Medical Center /
Develop a new acute care hospital with 50 AC beds**

Novant Health Cabarrus is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

**Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126
additional AC beds**

In Section L, page 95, the applicant provides the historical payor mix during CY 2023 for the proposed services, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	4.6%
Charity Care^	
Medicare*	43.2%
Medicaid*	14.3%
Insurance*	35.2%
Workers Compensation^^	
TRICARE^^	
Other (Other Govt, Worker's Comp)^^	2.6%
Total	100.0%

* Including any managed care plans.

^CMHA internal data does not include Charity Care as a payor source for patients. Patients in any payor category can and do receive charity care.

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

In Section L, page 96, the applicant provides the following comparison.

Atrium Health Cabarrus (Main Campus)	Last Full FY before Submission of the Application	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area
Female	62.7%	50.9%
Male	37.1%	49.1%
Unknown	0.2%	0.0%
64 and Younger	61.1%	86.1%
65 and Older	38.9%	13.9%
American Indian	0.5%	0.8%
Asian	1.4%	7.0%
Black or African-American	20.6%	22.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	71.9%	67.1%
Other Race	2.4%	2.7%
Declined / Unavailable	3.2%	0.0%

* The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's

service area which is medically underserved. Therefore, the application is conforming to this criterion.

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

NA – Novant Health Cabarrus
C – Atrium Health Cabarrus

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

Novant Health Cabarrus is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 97, the applicant states:

“Atrium Health Cabarrus has no obligation to provide a specific uncompensated care amount, community service, or access to care by medically underserved, minorities, or handicapped persons. However, as stated earlier, Atrium Health Cabarrus provides and will continue to provide services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability, or source of payment as demonstrated in CMHA’s Non-Discrimination policies ...”

In Section L, page 98, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

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

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

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

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

In Section L, page 103, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

NH Cabarrus Projected Payor Mix 3rd Full FY, CY 2032		
Payor Category	Percentage of Total Patients Served	
	Entire Facility	Inpatient Services
Self-Pay	6.9%	6.9%
Charity Care		
Medicare*	44.3%	51.5%
Medicaid*	13.9%	13.7%
Insurance*	32.3%	25.1%
Other^	2.5%	2.8%
Total	100.0%	100.0%

Source: Section L, page 103.

*Including any managed care plans.

^Other includes Other Government, Institutional, and Workers Compensation.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for the entire facility that 6.9% of total services will be provided to self-pay patients, 44.3% to Medicare patients and 13.9% to Medicaid patients. The payor mix data source is HIDI for CY 2023. The applicant has not included charity care for the entire facility and inpatient services because HIDI does not have any indication of charity care.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for inpatient services that 6.9% of total services will be provided to self-pay patients, 51.5% to Medicare patients and 13.7% to Medicaid patients. The payor mix data source is HIDI for CY 2023.

On page 104, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the

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

- The applicant projects payor mix based on payor mix data from HIDI for CY 2023.
- The applicant based its project mix on service area patients seen at area hospitals and expects the payor mix for its patients to remain the same in future years as they have been historically.
- The applicant projected the inpatient payor mix by calculating the payor mix of service area residents' discharges from the CAC MSDRG set.
- For the total hospital payor mix, the applicant used a weighted average of the payor mix for the three service components (inpatient services, outpatient surgical services, and outpatient services), using year three (CY 2032) patients as the weighting factor.

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

In Section L, pages 98-99, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Atrium Health Cabarrus (Main Campus) Projected Payor Mix 3rd Full FY, CY 2034		
Payor Category	Percentage of Total Patients Served	
	Entire Facility	Acute Care Beds
Self-Pay	4.6%	3.6%
Charity Care^		
Medicare*	43.2%	57.7%
Medicaid*	14.3%	12.5%
Insurance*	35.2%	22.5%
TRICARE^^		
Other (Other Govt, Worker's Comp)^^	2.6%	3.7%
Total	100.0%	100.0%

Source: Section L, pages 98-99.

*Including any managed care plans.

^CMHA internal data does not include Charity Care as a payor source for patients.

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for the entire facility that 4.6% of total services will be provided to self-pay patients, 43.2% to Medicare patients and 14.3% to Medicaid patients. The applicant does not include Charity Care as a payor source. The applicant states that patients in any payor category can and do receive charity care.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for acute care beds services that 3.6% of total services will be provided to self-pay patients, 57.7% to Medicare patients and 12.5% to Medicaid patients.

On page 98, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects payor mix based on the historical 2023 payor mix data because it represents the last complete fiscal year of data at the time the application was prepared and it provides a baseline.
- The applicant has assumed that the payor mix will be consistent with the historical payor mix assumptions until there is more guidance on the shift between Self-Pay and Medicaid following the Medicaid expansion that occurred in December 2023.

The Agency reviewed the:

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

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

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

C – All Applications

**Project ID # F-12588-25 / Novant Health Cabarrus Medical Center /
Develop a new acute care hospital with 50 AC beds**

In Section L, page 107, 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
- Responses to comments

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

In Section L, page 100, 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
- Responses to comments

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

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

C – All Applications

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section M, page 108, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant has established clinical education agreements with area health education programs in Cabarrus County and these agreements will be extended to NH Cabarrus.
- The applicant states that it is always open to considering new clinical education training programs and institutions.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

In Section M, page 101, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the the following:

- The applicant has Clinical Education Affiliation Agreements with health education programs.
- The applicant has a contractual agreement with the University of North Carolina at Chapel Hill to manage the South Piedmont Area Health Education Center (AHEC). Also, the agreement deems CMHA facilities as clinical rotation training sites for several advanced practice provider programs including Duke University, UNC at Chapel Hill, and Wake Forest School of Medicine.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments

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

- (15) Repealed effective July 1, 1987.
 - (16) Repealed effective July 1, 1987.
 - (17) Repealed effective July 1, 1987.
 - (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C – All Applications

The 2025 SMFP includes a need determination for 126 acute care beds in the Cabarrus County service area.

On page 33, the 2025 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Cabarrus County as its own acute care bed service area. Thus, the service area for the facilities in this review is the Cabarrus County service area. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 39 of the 2025 SMFP shows that Atrium Health Cabarrus is the only licensed acute care hospital in the service area.

As of the date of this decision, there are 545 existing and approved acute care beds in Cabarrus County.

Facility	Licensed Acute Care Beds	Adjustment for CONs/ Previous Need
2024 Acute Care Bed Need Determination	0	31
Atrium Health Cabarrus	427	87
Cabarrus Total	427	118

Source: 2025 SMFP, Table 5A, page 39.

Project ID # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

The applicant proposes to develop a new 50-bed acute care hospital pursuant to the 2025 SMFP need determination.

Regarding the expected effects of the proposal on competition in the service area, in Section N, pages 109-110, the applicant states:

“The proposed project will introduce a new access point for hospital services in Cabarrus County, fostering greater competition while expanding patient choice. By enhancing cost-effectiveness, quality, and access, the project ensures that more Cabarrus County residents can receive high-quality healthcare close to home.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 110, the applicant states:

“NH Cabarrus will be a community hospital designed to effectively and efficiently deliver high frequency services and will not need to duplicate and bear the cost of more specialized, high acuity tertiary services which are already available at hospitals in the area. Without these costs, NH Cabarrus will deliver community hospital services at a lower cost.”

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 112, the applicant states that it has quality-related policies and procedures that will be applicable to NH Cabarrus and that NH Cabarrus will also participate in the Clinical Improvement Plan, the Infection Prevention Plan, and the Risk Management Plan and work with the NH Clinical Improvement Department to facilitate the Improvement of clinical performance across Novant Health. The applicant states that NH Cabarrus will seek accreditation by The Joint Commission.

See also Sections B, 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 113, the applicant states:

“...Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health’s financial assistance policy will apply to the proposed services.”

See also Section L and B, 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.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

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

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

Project ID # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

The applicant proposes to develop 126 additional acute care beds at Atrium Health Cabarrus, a hospital with 427 acute care beds on its license, for a total of 671 acute care beds upon completion of this project and other projects under development.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 103, the applicant states:

"The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services. ... Atrium Health Cabarrus is operating at extremely high occupancy levels due to increasing demand. The proposed acute care beds will strengthen competition in the region by addressing capacity constraints that increasingly limit Atrium Health Cabarrus's ability to compete for patients. Thus, expanding capacity will enable Atrium Health Cabarrus to effectively compete with other providers serving Cabarrus County residents, who frequently choose from multiple providers for their acute care needs. In short, the proposed expansion of acute care capacity at Atrium Health Cabarrus – a facility that is cost-effective, demonstrates high quality, and provides strong access to the medically underserved – will promote competition in the region."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 103, the applicant states:

“... a new patient tower is planned for Atrium Health Cabarrus’s main campus, located adjacent and connected to the existing hospital building. CMHA believes additional acute care capacity can be developed efficiently at a reasonable cost (given the amount of capacity that Atrium Health Cabarrus is proposing to add) as part of the larger patient tower project while also creating the necessary capacity to care for a growing number of patients.

Further, Atrium Health Cabarrus, as a part of the larger CMHA and Advocate system, benefits from significant cost savings measures through the consolidation of multiple services and large economies of scale.”

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 104, the applicant states:

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

CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 105, the applicant states:

“The proposed project will improve equitable access to acute care services in the service area. CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies ... The proposed project will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved. CMHA’s commitment to this mission is borne out not just in words but in service to patients.”

See also Section L and B 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
- Responses to comments

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 # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new acute care hospital with 50 AC beds

In Section Q, Form O, page 156, the applicant identifies facilities with acute care beds located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 18 facilities of this type located in North Carolina.

In Section O, page 116, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in one of these facilities, Novant Health Pender Medical Center on May 1, 2024. The applicant states that the finding was removed by the North Carolina State Survey Agency by May 4, 2024, and validated on May 6, 2024. 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 at Novant Health Forsyth Medical Center, Novant Health Kernersville, and Novant Health Clemmons Medical Center. Novant Health Forsyth Medical Center, Novant Health Kernersville, and all of the facilities are back in compliance as of April 29, 2025. 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 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 # F-12600-25 / Atrium Health Cabarrus / Develop 126 additional AC beds

In Section Q, Form O, page 139, the applicant identifies facilities with acute care beds located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 24 facilities of this type located in North Carolina.

In Section O, page 110, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care 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, incidents related to quality of care did not occur in any of 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 24 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 – All Applications

The application is conforming with all applicable Criteria and Standards for acute care beds. The specific criteria are discussed below.

The Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

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- **NH Cabarrus.** In Section B, pages 23-25, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.
- C- **Atrium Health Cabarrus.** In Section B, page 25, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons 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;*
- C- **NH Cabarrus.** In Section Q, Form C.1b, page 119, the applicant provides projected utilization of all 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Atrium Health Cabarrus.** In Section Q, Form C.1b, page 114, the applicant provides projected utilization of all 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (3) project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*
- C- **NH Cabarrus.** In Section Q, Form C.1b, page 119, the applicant projects an occupancy rate of 70.3 percent for all 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 exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Atrium Health Cabarrus.** In Section Q, Form C.1b, page 114, the applicant projects an occupancy rate of 84.1 percent for all 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 exceeds the target occupancy percentage. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (4) *provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*

-C- **NH Cabarrus.** In Section Q, Form C.1b, page 119, the applicant provides 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

NH Cabarrus Projected Utilization			
	CY30 (PY1)	CY31 (PY2)	CY32 (PY3)
Total # of Beds	50	50	50
# of Discharges	1,272	2,063	3,384
# of Patient Days	4,824	7,823	12,828
Occupancy Rate	26.4%	42.9%	70.3%

Source: Section Q, page 119.

-C- **Atrium Health Cabarrus.** In Section Q, Form C.1b, page 118, the applicant provides 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

	Atrium Health Cabarrus (License) Acute Care Bed Utilization Upon Project Completion		
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2032	CY 2033	CY 2024
Total # of Beds*	671	671	671
# of Discharges	38,754	40,049	41,387
# of Patient Days	194,437	200,933	207,647
Average Length of Stay	5.02	5.02	5.02
Occupancy Rate	79.4%	82.0%	84.8%

Source: Section Q, page 118.

*Excludes neonatal beds

- (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

- C- **NH Cabarrus.** In Section Q, Form C.1b, page 119, the applicant projects an occupancy rate for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project of 70.3 percent that exceeds the target occupancy percentage of 66.7 percent for hospitals with an ADC of less than 100. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.
- C- **Atrium Health Cabarrus.** In Section Q, Form C.1b, page 118, the applicant projects an occupancy rate for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project of 84.8 percent that exceeds the target occupancy percentage of 78.0 percent for hospitals with an ADC of greater than 400. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.
- (6) *provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.*
- C- **NH Cabarrus.** In Section Q, pages 123-131, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Atrium Health Cabarrus.** In Section Q, pages 119-122, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2025 SMFP, no more than 126 acute care beds may be approved for Cabarrus County service area in this review. Because the two applications in this review collectively propose to develop 176 additional acute care 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 project included in this review.

- Project I.D. #F-12588-25 / **NH Cabarrus** / Develop a new acute care hospital with 50 acute care beds
- Project I.D. #F-12600-25 **Atrium Health Cabarrus** / Add 126 acute care beds to the existing hospital

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

Both applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Scope of Services

Generally, the application offering the greater scope of services is the more effective alternative for this comparative factor.

Novant Health Cabarrus Medical Center and **Atrium Health Cabarrus** both applied for acute care beds in this review. However, the applications differ in the types of services they propose to offer. **Atrium Health Cabarrus** is a tertiary care hospital that provides many types of specialized care. **Novant Health Cabarrus Medical Center** is proposing a smaller community hospital that does not propose to offer all the same types of acute care bed services as **Atrium Health Cabarrus**. Therefore, **Atrium Health Cabarrus** is the more effective alternative with respect to this comparative factor and **Novant Health Cabarrus Medical Center** is the less effective alternative with respect to this comparative factor.

Geographic Accessibility (Location within the Service Area)

As of the date of this decision, there are 545 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

Cabarrus County Service Area Acute Care Beds	
Facility	Total Beds*
Atrium Health Cabarrus	545

Source: 2025 SMFP, Table 5A, page 39.

*Includes existing and approved beds.

The following table illustrates where in the service area the existing and approved acute care beds are or will be located.

Facility	Total Acute Care Beds*	Address	Location within Cabarrus County
NH Cabarrus	50	Kannapolis	Northwest
Atrium Health Cabarrus	671	Concord	Northwest

*If all requested acute care beds are approved.

NH Cabarrus proposes to develop a new 50 acute care bed facility in Kannapolis in the northwest part of Cabarrus County. **Atrium Health Cabarrus** proposes to add 126 acute care beds to its existing facility in Concord in the northwest part of Cabarrus County. There are currently acute care beds in the northwest part of Cabarrus County. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Access by Service Area Residents

The 2025 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 38, shows Cabarrus County as its own acute care bed service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access to acute care beds by service area residents during the third full fiscal year following project completion.

Projected Cabarrus County Service Area Patients Third Full FY			
Facility	Total Patients	# Service Area Patients	% of Service Area Patients
NH Cabarrus	3,384	2,494	73.7%
Atrium Health Cabarrus	37,278	20,092	53.9%

Sources: F-12588-25, page 43; F-12600-25, page 42.

Atrium Health Cabarrus is a tertiary hospital. As such, the hospital receives referrals for specialty care from providers throughout the region. **NH Cabarrus** proposes a smaller community hospital with fewer specialized care offerings, therefore the Agency determined that a comparison of the applications with regards to access by residents of the Cabarrus County service area would be of little value. Therefore, the result of this analysis is inconclusive.

Access by Underserved Groups

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

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for each facility.

Services to Medicaid Patients: Inpatient Services / Acute Care Beds 3rd Full FY			
	Medicaid Gross Revenue	Total Gross Revenue	Medicaid % of Total Gross Revenue
NH Cabarrus	\$16,038,227	\$117,067,351	13.7%

Atrium Health Cabarrus	\$134,727,967	\$1,075,968,926	12.5%
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As shown in the table above, **NH Cabarrus** projects the highest percentage of services for Medicaid patients. Based on the differences in the level of care and types of services at **Atrium Health Cabarrus** and the community hospital proposed by **NH Cabarrus**, the Agency determined it could not make a valid comparison of the applications for purposes of evaluating which application was more effective with regard to this comparative factor.

Projected Medicare

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for each facility.

Services to Medicare Patients: Inpatient Services / Acute Care Beds 3rd Full FY			
	Medicare Gross Revenue	Total Gross Revenue	Medicare % of Total Gross Revenue
NH Cabarrus	\$60,289,686	\$117,067,351	51.5%
Atrium Health Cabarrus	\$620,850,179	\$1,075,968,926	57.7%

As shown in the table above, **Atrium Health Cabarrus** projects the highest percentage of services for Medicare patients. Based on the differences in the level of care and types of services at **Atrium Health Cabarrus** and the community hospital proposed by **NH Cabarrus**, the Agency determined it could not make a valid comparison of the applications for purposes of evaluating which application was more effective with regard to this comparative factor.

Competition (Access to a New or Alternate Provider)

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

Facility	Licensed Acute Care Beds	Adjustment for CONs/ Previous Need
Atrium Health Cabarrus	427	118
Cabarrus Total	427	118

Source: 2025 SMFP, Table 5A, page 39.

If **Atrium Health Cabarrus's** application is approved, **Atrium Health Cabarrus** would control all of the 671 existing and approved acute care beds in the Cabarrus County service area.

Therefore, with regard to patient access to a new or alternate provider, the application submitted by **NH Cabarrus** is a more effective alternative, and the application submitted by **Atrium Health Cabarrus** is the less effective alternative.

Projected Average Net Revenue per Patient Day

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, surgical case or procedure is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

Average Net Revenue per Patient Day 3rd Full FY			
Applicant	Total # of Patient Days	Net Revenue	Average Net Revenue per Patient Day
NH Cabarrus	12,828	\$92,254,019	\$7,192
Atrium Health Cabarrus	207,647	\$1,507,093,092	\$7,258

Source: Form C.1b and Form F.2b for each applicant.

As shown in the table above, **NH Cabarrus** projects the lowest average net revenue per patient day in the third full fiscal year following project completion. Based on the differences in the level of care and types of services at **Atrium Health Cabarrus** and the small community hospital proposed by **NH Cabarrus**, the Agency determined it could not make a valid comparison of both applications for purposes of evaluating which application was more effective with regard to this comparative factor.

Projected Average Operating Expense per Patient Day

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, surgical case or procedure 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.

Average Operating Expense per Patient Day 3rd Full FY			
Applicant	Total # of Patient Days	Operating Expenses	Average Operating Expense per Patient Day
NH Cabarrus	12,828	\$85,066,831	\$6,631
Atrium Health Cabarrus	207,647	\$1,221,445,433	\$5,882

Source: Form C.1b and Form F.2b for each applicant.

As shown in the table above, **Atrium Health Cabarrus** projects the lowest average operating expense per patient day in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Atrium Health Cabarrus** is a more effective alternative. Based on the differences in the level of care and types of services at **Atrium Health Cabarrus** and the small community hospital proposed by **NH Cabarrus**, the Agency determined it

could not make a valid comparison of both applications for purposes of evaluating which application was more effective with regard to this comparative factor.

Summary

The following table lists the comparative factors and indicates whether each application was more effective, less effective or equally 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	NH Cabarrus	Atrium Health Cabarrus
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective
Scope of Services	Less Effective	More Effective
Geographic Accessibility (Location within the Service Area)	Equally Effective	Equally Effective
Access by Service Area Residents	Inconclusive	Inconclusive
Access by Medicaid Patients	Inconclusive	Inconclusive
Access by Medicare Patients	Inconclusive	Inconclusive
Competition (Access to a New or Alternate Provider)	More Effective	Less Effective
Projected Average Net Revenue per Patient Day	Inconclusive	Inconclusive
Projected Average Operating Expense per Patient Day	Inconclusive	Inconclusive

Both applications are conforming to all applicable statutory and regulatory review criteria, and thus both applications are approvable standing alone. However, collectively they propose a total of 176 acute care beds but the need determination is for only 126 acute care beds. Therefore, only 126 acute care beds can be approved.

As shown in the table above, **NH Cabarrus** was determined to be a more effective alternative for the following comparative factor:

- Competition (Access to a New or Alternative Provider)

As shown in the table above, **Atrium Health Cabarrus** was determined to be a more effective alternative for the following comparative factor:

- Scope of Services

DECISION

Each application is individually conforming to the need determination in the 2025 SMFP for 126 acute care beds in the Cabarrus County service area as well as individually conforming to all review criteria. However, 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.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- **Project I.D. # F-12588-25 / Novant Health Cabarrus Medical Center / Develop a new 50-bed acute care hospital**

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 I.D. # F-12600-25, Atrium Health Cabarrus / Develop 76 additional acute care beds pursuant to the 2025 SMFP need determination**

Project ID# F-12588-25 / Novant Health Cabarrus Medical Center is approved subject to the following conditions.

1. **Novant Health Cabarrus Medical Center, LLC and Novant Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop no more than 50 new acute care beds at Novant Health Cabarrus Medical Center pursuant to the 2025 SMFP need determination.**
3. **Upon completion of this project, Novant Health Cabarrus shall be licensed for no more than 50 acute care beds.**
4. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. **The certificate holder shall complete all sections of the Progress Report form.**
 - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. **The first progress report shall be due on December 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 develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.
8. The certificate holder shall execute or commit to a contract for design services for the project no later than four years following the issuance of this certificate of need.
9. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

Project ID# F-12600-25 / Atrium Health Cabarrus is approved subject to the following conditions.

1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop no more than 76 additional acute care beds at Atrium Health Cabarrus main campus, pursuant to the 2025 SMFP need determination for a total of 577 acute care beds upon completion of this project and Project ID# F-12116-21, Project ID# F-12367-23, and Project ID# F-12505-24.
3. Upon completion of this project and Project ID# F-12116-21, Project ID# F-12367-23, and Project ID# F-12505-24, Atrium Health Cabarrus main campus shall be licensed for no more than 577 acute care beds, excluding any Level II, III, or IV 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 December 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 develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**
- 8. 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.**