

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 27, 2025

Findings Date: May 27, 2025

Project Analyst: Yolanda W. Jackson

Co-Signer: Lisa Pittman

Project ID #: F-12601-25

Facility: Atrium Health Cabarrus

FID #: 943049

County: Cabarrus

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus

## 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

The Charlotte-Mecklenburg Hospital Authority, (hereinafter referred to as “the applicant” or “CMHA”) proposes to relocate two operating rooms (ORs) from Gateway Ambulatory Surgery Center (Gateway) to the main campus of Atrium Health Cabarrus (AH Cabarrus). Upon completion of the proposed project, AH Cabarrus will be licensed for a total of 17 ORs at AH Cabarrus main campus.

### **Need Determination**

The applicant does not propose to add any beds, services, or medical equipment for which there is a need determination in the 2025 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

## **Policies**

There is one policy in the 2025 SMFP applicable to the review.

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

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 27-28, the applicant provides a written statement of its plan to assure improved energy efficiency and water conservation.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2025 SMFP.

- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because the applicant states it will use the applicant’s Standard Control Sequences to optimize energy efficiency in the building automation system and the heating, ventilation, and air conditioning and select new plumbing fixtures to optimize water efficiency and life cycle benefits.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

### C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

#### **Patient Origin**

On page 49, the 2025 SMFP defines the service area for ORs as “...*the single or multicounty grouping shown in Figure 6.1.*” Figure 6.1 on page 55 of the 2025 SMFP shows Cabarrus County as its own OR 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.

The following table illustrates historical and projected patient origin.

County	Atrium Health Cabarrus Main Campus – Operating Rooms			
	Historical CY 2023		Third Full FY of Operation following Project Completion CY 2030	
	# of Patients	% of Total	# of Patients	% of Total
Cabarrus	5,457	46.6%	5,633	46.3%
Rowan	1,606	13.7%	1,858	15.3%
Mecklenburg	1,521	13.0%	1,217	10.0%
Stanly	1,401	12.0%	1,532	12.6%
Iredell	343	2.9%	397	3.3%
Union	194	1.7%	225	1.9%
Gaston	162	1.4%	187	1.6%
Other^	1,019	8.7%	1,101	9.0%
<b>Total</b>	<b>11,703</b>	<b>100.0%</b>	<b>12,150</b>	<b>100.0%</b>

Source: Section C, pages 31 and 34.

^Other includes Lincoln, Montgomery, Cleveland, Catawba, York SC, Anson, Lancaster SC, Caldwell, Davidson, Robeson, Other NC Counties, and Other States.

In Section C, page 33, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states it does not expect the proposed relocation to have any

impact on AH Cabarrus's surgical patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant projects a shift of surgical volume during the projection period to Atrium Health Harrisburg.
- The projected patient origin for its ORs is based on its existing patient origin modified to account for projected shifts to Atrium Health Harrisburg.

### **Analysis of Need**

In Section C, pages 35-40, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- **Increase in Surgical Utilization at Atrium Health Cabarrus** – The applicant states that operating room capacity has changed since the submission of the previously approved Project ID# G-11906-20 to relocate two ORs from Atrium Health Cabarrus to Gateway Surgical Center. The applicant states that at the time of submission of the 2020 project, the 2020 SMFP indicated an operating room deficit of 0.44 rooms at Gateway Surgical Center and a surplus of 1.52 rooms at Atrium Health Cabarrus. The 2025 SMFP indicates a surplus of 1.85 rooms at Gateway Surgical Center and a deficit of 1.92 rooms at Atrium Health Cabarrus. The applicant states that the strong growth in surgical utilization is expected to persist in the future due to continued development of services at Atrium Health Cabarrus and population growth.
- **Continued Development of Healthcare Services at Atrium Health Cabarrus** – The applicant states that Atrium Health Cabarrus is the only existing acute care provider in Cabarrus County and the hospital is expected to continue receiving high acuity patient transfers from Atrium Health Harrisburg as well as inpatient transfers from the Atrium Health Kannapolis satellite ED. The applicant states that Atrium Health Cabarrus's development as a tertiary care facility and the acute care bed expansions underway at the main campus highlight the need for additional surgical capacity.
- **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. The applicant states 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 additional operating room capacity is needed to meet the current and future demands of the growing and aging population in Cabarrus County that receives care at Atrium Health Cabarrus.

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

- The applicant states that there has been an increase in surgical utilization at Atrium Health Cabarrus.

- The applicant states that it expects utilization of Atrium Health Cabarrus’s surgical services to grow due to the continued development of healthcare services at Atrium Health Cabarrus.
- The applicant states that additional operating room capacity is needed to meet the current and future demands of the growing and aging population in Cabarrus County.

### Projected Utilization

In Section Q, Form C.3a and Form C.3b, the applicant provides historical and projected utilization, as illustrated in the following tables.

Atrium Health Cabarrus (Main Campus)				
Historical and Interim OR Utilization	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY
	CY 2023	CY 2024	CY 2025	CY 2026
# of ORs *	17	17	17	17
Total # of Surgical Cases	11,702	12,057	12,292	12,532
Case Times – Inpatient	195.5	195.5	195.5	195.5
Case Times – Outpatient	130.6	130.6	130.6	130.6
Total Surgical Hours	31,184	32,138	32,765	33,404
Standard Hours per OR per Year	1,755	1,755	1,755	1,755
Total Surgical Hour/ Standard Hours per OR per Year	17.8	18.3	18.7	19.0

Source: Section Q, For C.3a, page 3.

\*Total ORs - # of Excluded ORs

Atrium Health Cabarrus (Main Campus)				
Projected OR Utilization upon Project Completion	Partial Full FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2027	CY 2028	CY 2029	CY 2030
# of ORs*	19	17	17	17
Total # of Surgical Cases	12,776	12,634	12,321	12,150
Case Times – Inpatient	195.5	195.5	195.5	195.5
Case Times – Outpatient	130.6	130.6	130.6	130.6
Total Surgical Hours	34,056	33,809	33,164	32,851
Standard Hours per OR per Year	1,755	1,755	1,755	1,755
Total Surgical Hour/ Standard Hours per OR per Year	19.4	19.3	18.9	18.7

Source: Section Q, For C.3b, page 4.

\*Total ORs - # of Excluded ORs

In Q, pages 112-116, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant first analyzed the historical surgical utilization at Atrium Health Cabarrus. The methodology excluded C-Section cases in all inpatient surgical data, as well as dedicated C-Section rooms in the count of operating rooms. According to the applicant’s internal data, total surgical cases at Atrium Health Cabarrus grew at a compound annual growth rate (CAGR) of 2.9 percent from CY 2019 to CY 2024. The applicant states that most recently growth in total surgical cases at Atrium Health Cabarrus was higher at a CAGR of 5.0 percent from CY 2022 to CY 2024.

- The applicant projects that total surgical cases on the Atrium Health Cabarrus license will grow at the Cabarrus County population growth rate of 2.0 percent per year, which is below the historical growth rate at Atrium Health Cabarrus. The applicant states this rate is reasonable because it is below historical growth in surgical cases at Atrium Health Cabarrus and there has been growth in outpatient and inpatient surgical cases.

<b>Atrium Health Cabarrus (License) Projected Surgical Cases</b>							
	<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY27</b>	<b>CY28</b>	<b>CY29</b>	<b>CY30</b>
Total IP Cases Excluding C-Sections	5,450	5,556	5,665	5,775	5,888	6,003	6,120
Total OP Cases	6,607	6,736	6,867	7,001	7,138	7,277	7,419
Total Surgical Cases	12,057	12,292	12,532	12,776	13,025	13,279	13,539

- The applicant projects a shift in acuity-appropriate surgical cases from the Atrium Health Cabarrus main campus to Atrium Health Harrisburg campus beginning in CY 2028. This shift is due to Project ID # F-12505-24, which was approved in 2024 to relocate two operating rooms from Atrium Health Cabarrus to Atrium Health Harrisburg. The table below illustrates the projected shift from the Atrium Health Cabarrus main campus to Atrium Health Harrisburg campus beginning in CY 2028.

<b>Atrium Health Harrisburg Projected Surgical Cases</b>			
	<b>CY28</b>	<b>CY29</b>	<b>CY30</b>
Total IP Cases Excluding C-Sections	56	137	198
Total OP Cases	335	821	1,191
Total Surgical Cases	391	958	1,389

- The applicant subtracts the total number of surgical cases projected at Atrium Health Harrisburg from the total cases for Atrium Health Cabarrus license overall. The remaining surgical cases will be served at Atrium Health Cabarrus's main campus. The following table illustrates the projected surgical cases at Atrium Health Cabarrus's main campus.

<b>Atrium Health Cabarrus (Main Campus) Projected Surgical Cases</b>							
	<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY27</b>	<b>CY28</b>	<b>CY29</b>	<b>CY30</b>
Total IP Cases Excluding C-Sections	5,450	5,556	5,665	5,775	5,832	5,866	5,922
Total OP Cases	6,607	6,736	6,867	7,001	6,803	6,456	6,228
Total Surgical Cases	12,057	12,292	12,532	12,776	12,634	12,321	12,150

- The applicant is projecting that inpatient surgical cases will continue to increase at Atrium Health Cabarrus main campus. However, the applicant projects that outpatient surgical cases will shift from Atrium Health Cabarrus main campus to Atrium Health Harrisburg campus beginning in CY 2028. Therefore, there will be a decline in outpatient volume that remains at Atrium Health Cabarrus main campus.

- The applicant projects the operating room needs on the Atrium Health Cabarrus main campus using case times from the 2025 SMFP, as illustrated in the table below.

<b>Atrium Health Cabarrus (Main Campus) Projected Operating Room Needs Using Average Inpatient and Outpatient Surgical Case Times from 2025 SMFP</b>							
	<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY27</b>	<b>CY28</b>	<b>CY29</b>	<b>CY30</b>
Total IP Cases Excluding C-Sections	5,450	5,556	5,665	5,775	5,832	5,866	5,922
Total OP Cases	6,607	6,736	6,867	7,001	6,803	6,456	6,228
Inpatient Case Times (Minutes)*	195.5	195.5	195.5	195.5	195.5	195.5	195.5
Outpatient Case Times (Minutes)*	130.6	130.6	130.6	130.6	130.6	130.6	130.6
Total Surgical Hours	32,138	32,765	33,404	34,056	33,809	33,164	32,851
Standard Hours per OR per Year	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	18.3	18.7	19.0	19.4	19.3	18.9	18.7
ORs	17	17	17	19	17	17	17
<b>OR Deficit / (Surplus)</b>	<b>1.3</b>	<b>1.7</b>	<b>2.0</b>	<b>0.4</b>	<b>2.3</b>	<b>1.9</b>	<b>1.7</b>

\* Case Times based on 2025 SMFP

- The applicant projects that Atrium Health Cabarrus main campus will operate with a deficit of operating rooms from Project Year 1 (CY 2028) through Project Year 2 (CY 2030). The applicant states that these projections reinforce the projected operating room need at Atrium Health Cabarrus main campus.

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

- The applicant projects that total surgical cases for the Atrium Health Cabarrus license will grow at the Cabarrus County population growth rate of 2.0 percent per year.
- The applicant projects a shift from Atrium Health Cabarrus main campus to Atrium Health Harrisburg campus in CY 2028 when two operating rooms will be relocated from Atrium Health Cabarrus main campus to Atrium Health Harrisburg campus.

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

In Section C, page 47, 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.”*

In Section C, page 48, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Atrium Health Cabarrus	
Medically Underserved Groups	Estimated Percentage of Total Patients during the Third Full FY CY 2030
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%

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

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

- The applicant provides a statement that it provides services to all people in need of medical care including the medically underserved and it will continue to do so following the proposed project.
- The applicant provides a copy of CMHA’s Non-Discrimination Policy which is used by Atrium Health Cabarrus.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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



C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

In Section D, page 54, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 54, the applicant states:

*“...Gateway Surgery Center has a surplus of operating rooms following a decline in operating room need. Following the proposed project and relocation of two operating rooms, Gateway Surgery Center will have adequate capacity with its remaining four operating rooms to meet current and projected demand based on practice patterns of physicians and patient utilization trends. ...No change in patient volumes at Gateway Surgery Center as a result of the relocation of two operating rooms is anticipated. As such, the relocation of two operating rooms is not expected to have any adverse impact on access to ambulatory surgical services for patients who choose to receive care at the Center.”*

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

- The applicant has demonstrated that there has been a change in surgical utilization at Gateway Surgery Center since 2020.
- The 2025 SMFP projects for 2027 a surplus of -1.85 ORs at Gateway Surgery Center and a deficit of ORs of 1.92 at Atrium Health Cabarrus main campus.

On Form D.3 in Section Q, page 6, the applicant provides projected utilization, as illustrated in the following table.

Gateway Surgery Center Historical and Projected OR Utilization	Last 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
ORs	6	6	6	6	6	6
Surgical Cases	7,455	7,582	7,582	7,582	7,582	7,582
Case Times (Outpatient)	40.7	40.7	40.7	40.7	40.7	40.7
Total Surgical Hours	5,057	5,143	5,143	5,143	5,143	5,143
Standard Hours per OR per Year	1,312	1,312	1,312	1,312	1,312	1,312
Total Surgical Hours/Standard Hours per OR per Year	3.9	3.9	3.9	3.9	3.9	3.9

In Section Q, page 115-116, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant analyzed the historical utilization from CY 2019 to annualized CY 2024 as illustrated in the table below:

Gateway Surgery Center Historical Surgical Cases								
	CY19	CY20	CY21	CY22	CY23	CY24*	19-24 CAGR	22-24 CAGR
Total OP Cases	7,368	6,517	6,825	7,663	7,455	7,582	0.6%	(0.5%)

\*CY 2024 surgical cases are based on actual January – November utilization and annualized using historical seasonal utilization patterns from CY 2023.

- The applicant states that the volume at Gateway Surgery Center has declined since CY 2022 and given this trend, the applicant projects that outpatient surgical cases at Gateway Surgery Center will stay constant at 7,582 cases per year, the second highest volume over the last six years. The applicant states that current and projected cases can be accommodated with the four operating rooms that will remain following the proposed project.

Gateway Surgery Center Projected Operating Room Need Using Average Inpatient and Outpatient Surgical Case Times from 2025 SMFP					
	CY24	CY25	CY26	CY27	CY28
Total OP Cases	7,582	7,582	7,582	7,582	7,582
Outpatient Case Time (Minutes)*	40.7	40.7	40.7	40.7	40.7
Total Surgical Hours	5,143	5,143	5,143	5,143	5,143
Standard Hours per OR per Year	1,312	1,312	1,312	1,312	1,312
Total Surgical Hours / Standard Hours per OR per Year	3.9	3.9	3.9	3.9	3.9
ORs	6	6	6	4	4
<b>OR Deficit / (Surplus)</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(2.1)</b>

\*Case Times based on 2025 SMFP

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

- The applicant analyzed the historical utilization at Gateway Surgery Center to project utilization at the ambulatory surgical facility through CY 2028.
- The applicant projects that Gateway Surgery Center will stay constant at 7,582 cases per year based on decline in operating room demand at the facility.

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

In Section C, pages 54-55, the applicant states:

*“... CMHA believes that the proposed project will have a positive effect on all patients utilizing Atrium Health Cabarrus and Gateway Surgery Center, including historically underserved populations. The relocation of two operating rooms will not have a negative impact on patients who choose to receive care at Gateway Surgery Center, including any patients in historically underserved populations, as the Center will continue to have sufficient capacity with its remaining four operating rooms . The proposed project will have a positive impact for patients who choose to receive care at*

*Atrium Health Cabarrus, including patients in historically underserved populations, by expanding needed hospital-based surgical capacity.”*

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use operating room services at Gateway Surgery Center will be adequately met following completion of the project for the following reasons:

- The applicant states that Gateway Surgery Center has a surplus of operating rooms following a decline in operating room needs.
- The applicant states that all patients including historically underserved patients will continue to have access to operating room services at Gateway Surgery Center and there will be sufficient capacity with the remaining four operating rooms.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

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

### **C**

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

In Section E, pages 58-59, 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 considered not relocating operating rooms to Atrium Health Cabarrus. The applicant states that under the status quo, existing assets

would not be deployed in the most effective manner. The 2025 SMFP identified an operating room deficit at Atrium Health Cabarrus and a surplus at Gateway Surgery Center. The applicant states that maintaining the status quo would result in underutilized capacity at Gateway Surgery Center, while Atrium Health Cabarrus, a tertiary care provider experiencing growth in surgical services continues to face capacity constraints. Therefore, this is a less effective alternative.

- **Relocate a Different Number of Operating Room** – The applicant considered relocating more or fewer operating rooms than proposed. The applicant states that relocating one operating room would fail to meet Atrium Health Cabarrus’s growing surgical demand and leave Gateway Surgery Center with excess capacity. The applicant states that while future growth will likely justify additional operating rooms at Atrium Health Cabarrus, the current project focuses on optimizing the use of existing assets, while preserving access to ambulatory surgical services at Gateway Surgery Center. Therefore, this is a less effective alternative.

On page 58, the applicant states that its proposal is the most effective alternative because it balances current needs and future growth while maintaining accessible surgical services at both facilities.

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

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory review criteria. Therefore, the application can be approved.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons above. Therefore, the application is approved subject to the following conditions:

1. **The Charlotte-Mecklenburg Hospital Authority shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.**

3. Upon completion of the project, Atrium Health Cabarrus main campus shall be licensed for no more than 17 operating rooms and a total of 19 operating rooms on the Atrium Health Cabarrus license, including two operating rooms on the Atrium Health Harrisburg campus. Gateway Surgery Center shall be licensed for no more than four operating rooms.
  4. Progress Reports:
    - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
    - b. The certificate holder shall complete all sections of the Progress Report form.
    - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
    - d. The first progress report shall be due on November 3, 2025.
  5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.
  6. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
  7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

## C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

### **Capital and Working Capital Costs**

In Section Q, Form F.1a, page 7, the applicant projects the total capital cost of the project, as shown in the table below.

Construction/Renovation Contract(s)	\$3,549,000
Architect / Engineering Fees	\$485,000
Medical Equipment	\$3,058,000
Non Medical Equipment	\$27,000
Furniture	\$9,000
Consultant Fees	\$101,000
Financing Costs	\$41,713
Interest during Construction	\$140,547
Other (IS, Security, Internal Allocation)	\$1,839,000
<b>Total</b>	<b>\$9,250,260</b>

In Section Q, page 8, 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 cost and Architect/Engineering Fees are based on the experience of the project architect with similar projects.
- The other costs are based on the applicant's experience with similar projects.

In Section F, page 62, 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 60, the applicant states that the capital cost will be funded with accumulated reserves.

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

- In supplemental information received May 1, 2025, the applicant provides a letter dated February 17, 2025, from the Executive Vice-President and Chief Financial Officer for CMHA stating that the capital cost for the proposed project will be funded with accumulated reserves.
- Exhibit F.2-2 contains a copy of CMHA's audited financial statements for the year ending December 31, 2023. As of December 31, 2023, CMHA had sufficient reserves for the proposed project.

### **Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Section Q, Form F.2b, page 10, the applicant projects that revenues will exceed operating expenses in the three full fiscal years following completion of the project, as shown in the table below.

<b>Atrium Health Cabarrus Main Campus Operating Rooms</b>	<b>1<sup>st</sup> Full FY CY 2028</b>	<b>2<sup>nd</sup> Full FY CY 2029</b>	<b>3<sup>rd</sup> Full FY CY 2030</b>
Total Cases (From Form C.3b)	12,634	12,321	12,150
Total Gross Revenues (Charges)	\$713,547,851	\$720,945,349	\$735,553,020
Total Net Revenue	\$162,077,729	\$163,758,022	\$167,076,059
Average Net Revenue per Case	\$12,829	\$13,291	\$13,751
Total Operating Expenses (Costs)	\$92,509,126	\$93,932,812	\$96,051,863
Average Operating Expense per Case	\$7,322	\$7,624	\$7,906
Net Income	\$69,568,603	\$69,825,210	\$71,024,196

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 13. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant states that the Total Gross Revenue is based on the CY 2023 payor mix and charge per surgical hour for the service inflated 3.0 percent annually and applied to the projected surgical hours.
- 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
- Supplemental information requested by the Agency

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

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

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

C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

On page 49, the 2025 SMFP defines the service area for OR as “*the single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 55, shows Cabarrus County is a single county operating room service area. Thus, the service area for this facility consists of Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved ORs in Cabarrus County.

Facilities	# of ORs	Projected Deficit / (Surplus)
Gateway Surgery Center	6	-1.85
Atrium Health Cabarrus	17	1.92
Eye Surgery and Laser Clinic, Inc.	2	0.03

Source: 2025 SMFP, Table 6B, page 70.

In Section G, page 70, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved operating room services in Cabarrus County. The applicant states:

*“...the proposed project involves the relocation of two underutilized operating rooms from Gateway Surgery Center to the main campus of Atrium Health Cabarrus, not the addition of any operating rooms to the inventory. ...this is due to an identified need for additional operating room capacity at Atrium Health Cabarrus, a vital tertiary care facility in Cabarrus County and an important referral hospital. Atrium Health Cabarrus has experienced high utilization of surgical services, including growing demand for inpatient and complex outpatient surgery that must be performed in the hospital setting. At the same time, there is underutilized operating room capacity at Gateway Surgery Center, which cannot meet the needs for hospital-based surgical services. Furthermore, the current and projected operating rooms volume at Gateway Surgery Center can be sustained with four operating rooms, which will remain following the proposed project. Thus, the proposed relocation focuses on optimizing the use of existing assets and will not result in unnecessary duplication of services. Additionally, the projected utilization included within this application demonstrates that the expanded capacity at Atrium Health Cabarrus will not unnecessarily duplicate existing and approved facilities.”*

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

- The proposal would not result in an increase in ORs in Cabarrus County.



- The applicant adequately demonstrates that the relocation of two ORs from Gateway Surgery Center to Atrium Health Cabarrus is needed to optimize the use of existing assets because the ORs are underutilized at Gateway Surgery Center and Atrium Health Cabarrus has experienced high utilization of surgical services including inpatient and complex outpatient surgery.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **C**

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

In Section Q, Form H, page 15, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE	Projected FTE
	As of 12/31/2023	2nd Full FY CY 2029
Registered Nurse	85.1	107.0
Certified Nurse Aides / Nursing Assistants	26.3	28.8
Technician	21.6	23.6
Clerical	3.5	3.8
Licensed Practical Nurse	1.9	2.1
Temporary Help	21.9	9.9
<b>Total</b>	<b>160.3</b>	<b>175.1</b>

The assumptions and methodology used to project staffing are provided in Section Q, page 16. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 72-74, 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 utilizes several media outlets for recruitment, and it participates in school career fairs, professional job fairs and offers co-worker referral bonuses.
- The applicant uses multiple strategies to attract and recruit talent including family sustaining income, comprehensive health benefits and programs for career advancement.
- All clinical and administrative staff at Atrium Health Cabarrus are required to meet multiple performance standards and competency levels and the Office of Access and Opportunity provides education events and activities throughout the year.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **C**

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

### **Ancillary and Support Services**

In Section I, page 75, the applicant identifies the necessary ancillary and support services for the proposed services. On page 75, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- In Exhibit I.1, the applicant provides a letter dated February 17, 2025, from the Vice President and Facility Executive of Atrium Health Cabarrus stating that Atrium Health Cabarrus has all the ancillary and support services in place to support hospital operations, including existing surgical services.
- The applicant states that the existing ancillary and support services will also support the additional operating rooms proposed to be relocated to Atrium Health Cabarrus.



### **Coordination**

In Section I, page 76, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant states that as an existing health care facility in the area, Atrium Health Cabarrus has established relationships with area healthcare providers and social service providers.
- In Exhibit I.2, the applicant provides letters of support from physicians and other providers.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

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

C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

In Section K, page 79, the applicant states that the project involves renovating 1,211 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

On pages 79-80, 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 proposed renovation utilizes existing space in the surgical suite at Atrium Health Cabarrus representing the most reasonable design and means of construction as the proposed project will utilize existing space that is either currently vacant or being used for equipment and storage.
- The applicant states that this alternative permits the applicant to relocate the two ORs efficiently while maintaining the integral connection to existing surgical support services and infrastructure.

On page 79-80, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

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

- The applicant states that even if the proposed project were to be funded with debt, it is able to service the debt without increasing cost or charges to the public.

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

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

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

### **C**

In Section L, page 83, the applicant provides the historical payor mix during CY 2023 for the proposed services, as shown in the table below.

Atrium Health Cabarrus (Main Campus) Historical Payor Mix CY 2023	
Payor Category	Percent of Total
Self-Pay	4.6%
Charity Care^	
Medicare*	43.2%
Medicaid*	14.3%
Insurance*	35.2%
Workers Compensation^^	
Tricare^^	
Other (Other Govt, Workers Compensation)	2.6%
Total	100.0%

Source: Section L, page 83.

^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 84, 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

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

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 86, the applicant states that Atrium Health Cabarrus has no obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L, page 87, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 88, 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.



<b>Atrium Health Cabarrus (Main Campus) – Operating Rooms Projected Payor Mix, Third Full FY CY 2030</b>	
<b>Payor Category</b>	<b>Percent of Total</b>
Self-Pay	3.9%
Charity Care^	
Medicare*	47.0%
Medicaid*	9.5%
Insurance*	35.6%
Workers Compensation^^	
Tricare^^	
Other (Other Govt, Workers Compensation)	4.1%
Total	100.0%

Source: Section L, page 88.

^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.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.9% of total services will be provided to self-pay patients, 47.0% to Medicare patients and 9.5% to Medicaid patients.

On page 87, 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 states that the projected payor mix is based on CY 2023 payor mix .
- The applicant states that with Medicaid expansion in North Carolina, preliminary 2024 data indicates that the anticipated payor mix shift is occurring with some patients previously classified as Self-Pay transitioning to Medicaid coverage.
- The applicant stated that while this transition is ongoing, it utilized the historical 2023 payor mix data as it represents the last complete fiscal year of data at the time this application was prepared and provides a conservative baseline.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 89, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

In Section M, 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 following

- The applicant provides supporting documentation of its approved Clinical Education Affiliation Agreements in Exhibit M.1.
- The applicant states that it has a contractual agreement with the University of North Carolina at Chapel Hill to manage the South Piedmont Area Health Education Center (AHEC). South Piedmont AHEC coordinates various educational programs and produces continuing medical education programming for employees of CMHA and other healthcare providers in an eight-county region. The applicant states that this 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.
- The applicant and the University of North Carolina at Charlotte offer a collaborative program for registered nurses to obtain a master's degree and professional nurse anesthetist training (CRNA program).

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

## **C**

The applicant proposes to relocate two operating rooms from Gateway Surgery Center to the Atrium Health Cabarrus main campus.

On page 49, the 2025 SMFP defines the service area for OR as “*the single or multicounty grouping shown in Figure 6.1.*” Figure 6.1, on page 55, shows Cabarrus County is a single county operating room service area. Thus, the service area for this facility consists of Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved ORs in Cabarrus County.

<b>Facilities</b>	<b># of ORs</b>	<b>Projected Deficit / (Surplus)</b>
Gateway Surgery Center	6	-1.85
Atrium Health Cabarrus	17	1.92
Eye Surgery and Laser Clinic, Inc.	2	0.03

Source: 2025 SMFP, Table 6B, page 70.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 92, the applicant states:

*“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to surgical services. ...Approval of the relocation of two underutilized operating rooms from Gateway Surgery Center to Atrium*

*Health Cabarrus will enhance competition by ensuring increased surgical services capacity for Atrium Health Cabarrus such that it can continue to compete for these patients. In short, the proposed operating room relocation to 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 92, the applicant states:

*“The proposed project is indicative of CMHA’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, while also ensuring that it develops the services and capacity to meet the needs of the population it serves. ...there is existing space within the main campus surgical suite of Atrium Health Cabarrus that can be renovated to accommodate the proposed relocated operating rooms. CMHA believes that the additional operating rooms can be developed efficiently at a reasonable cost in this space, while also creating the necessary capacity to care for a growing number of patients at Atrium Health Cabarrus.*

*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. The proposed project will enable Atrium Health Cabarrus to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources. Through the proposed relocated operating rooms at Atrium Health Cabarrus, CMHA will foster competition in the region by pursuing an approach that balances expending capital with developing needed capacity to meet patient demand for high quality hospital-based surgical services.”*

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

Regarding the impact of the proposal on quality, in Section N, pages 93-94, 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.”*

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 94-95, the applicant states:

*“The proposed project will improve equitable access to surgical 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 provided in Exhibit C.6. 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. Specifically, both Atrium Health Cabarrus and Gateway Surgery Center serve patients in medically underserved groups and will continue to do so following the proposed project. Given the nature of services provided, Atrium Health Cabarrus has historically served a greater proportion of patients in medically underserved groups. Therefore, the proposed project will have a positive impact on patients in medically underserved groups."*

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

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

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

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section Q, Form O, page 17, the applicant identifies the hospitals and ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 37 of these types of facilities located in North Carolina.

In Section O, page 102, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care did not occur in any of these facilities. According to the files in Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care 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 and Certification Section and considering the quality of care provided at all 37 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.

NA

The applicant does not propose to increase the number of operating rooms in the service area; therefore, the criteria and standards for surgical services and operating rooms do not apply.