

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 5, 2025

Findings Date: May 5, 2025

Project Analyst: Chalice L. Moore

Co-Signer: Mike McKillip

Project ID #: F-12622-25

Facility: Fresenius Kidney Care Southeast Mecklenburg

FID #: 160337

County: Mecklenburg

Applicant: Bio-Medical Applications of North Carolina, Inc.

Project: Add no more than 3 in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion

## 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

Bio-Medical Applications of North Carolina, Inc. (hereinafter referred to as “BMA” or “the applicant”) proposes to add no more than three dialysis station to Fresenius Kidney Care Southeast Mecklenburg (FKC Southeast Mecklenburg) pursuant to Condition 2 of the facility need methodology for a total of no more than 20 dialysis stations upon project completion.

### **Need Determination (Condition 2)**

Chapter 9 of the 2025 State Medical Facilities Plan (SMFP) provides a county need methodology and a facility need methodology for determining the need for new dialysis stations. According to Table 9B, the county need methodology shows there is no county need determination for additional dialysis stations in Mecklenburg County.

However, the applicant is eligible to apply for additional dialysis stations in an existing facility pursuant to Condition 2 of the facility need methodology in the 2025 SMFP, if the utilization rate for the facility as reported in the 2025 SMFP is at least 75 percent or 3.0 patients per station per week, as stated in Condition 2.a. The utilization rate reported for the facility is 76.47% or 3 patients per station per week, based on 17 in-center dialysis patients and 17 certified dialysis stations (52 patients / 17 stations = 3.05,  $3.05 / 4 = 76\%$ ).

The applicant proposes to add no more than three dialysis station to the facility, which is consistent with the 2025 SMFP calculated facility need determination for up to 20 stations; therefore, the application is consistent with Condition 2 of the facility need determination for dialysis stations.

### **Policies**

There is one policy in the 2025 SMFP that is applicable to this review, Policy GEN-5: Basic Principles.

Policy GEN-5:

*“Access to Culturally Competent Healthcare 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.”*

### **Demographics**

In Section B, page 21, and Exhibit B.1, the applicant describes how the proposed project will focus on the medically underserved communities within the service area. The applicant states that the proposed service area is Mecklenburg County. The information provided by the applicant is reasonable and supports the determination that the applicant’s relevant service area with a specific focus on the medically underserved communities within that service area.

### **Culturally Competent Services**

In Section B, page 22, the applicant states that Fresenius Kidney Care (FKC) has developed a Health Equity Strategic Plan that outlines organizational goals, objectives, actions, and resources to ensure that as an organization, they are providing culturally competent services to all members of the medically underserved community who are receiving services within FKC

or FKC facilities. The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will provide culturally competent services to members of the medically underserved community.

#### Reflect Cultural Competence

In Section B, page 23, the applicant states the following:

*"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 language"*

The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will provide culturally competent services to members of the medically underserved community.

#### Reducing Health Disparities

In Section B, page 23, the applicant describes how the proposed project will focus on prioritizing health equity within the service area. The applicant states that the proposed service area is Mecklenburg County. The information provided by the applicant is reasonable and supports the determination that the applicant's relevant service area with a specific focus on the medically underserved communities within that service area.

#### Increase Equitable Access

In Section B, page 24, the applicant describes how the proposed project will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities within the service area. The applicant states that the proposed service area is Mecklenburg County. The information provided by the applicant is reasonable and supports the determination that the applicant's relevant service area with a specific focus on the medically underserved communities within that service area.

#### 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 adequately demonstrates that the application is consistent with Condition 2 of the facility need methodology as applied from the 2025 SMFP.
- The applicant adequately demonstrates that the application is consistent with Policy GEN-5 based on the projects proposed incorporation of access to culturally competent healthcare.

- (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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

**Patient Origin**

On page 113, the 2025 SMFP defines the service area for dialysis stations as “*the county in which the dialysis station is located*”. Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for in-center (IC) patients.

FKC Southeast Mecklenburg												
	Historical – CY 2024						Projected – CY 2027					
	IC Patients		HH Patients		PD Patients		IC Patients		HH Patients		PD Patients	
	#	%	#	%	#	%	#	%	#	%	#	%
Mecklenburg	36.0	75.0%					50.7	80.9%				
Union	2.0	4.2%					2.0	3.2%				
South Carolina	10.0	20.8%					10.0	15.9%				
<b>Total</b>	<b>48.8</b>	<b>100.0%</b>					<b>62.7</b>	<b>100%</b>				

In Section C, pages 25-26, and the Form C Utilization subsection of Section Q page 84, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the historical (CY2024) patient origin for the facility.

**Analysis of Need**

In Section C, pages 28-29, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states:

*“The need that this population has for the proposed services is a function of the individual patient’s need for dialysis care and treatment. This question specifically addresses the need that the population to be served has for the proposed project. The*

*applicant has identified the population to be served as 57.5 in-center dialysis patients dialyzing with the facility as of the end of the first Operating Year of the project. This equates to a utilization rate of 71.5%, or 2.86 patients per station and exceeds the minimum required by the performance standard.”*

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

- The applicant demonstrates eligibility to add dialysis stations to its facility under Condition 2 of the facility need methodology, as stated in the 2025 SMFP. The discussion regarding need methodology found in Criterion (1) is incorporated herein by reference.
- The applicant adequately demonstrates need based on the facility’s projected growth in the patient population.

#### Projected Utilization

##### *In-Center Utilization*

In Section C, pages 26-28, and in Form Utilization C, Section Q, pages 80-83, the applicant provides the in-center projected utilization for FKC Southeast Mecklenburg, as illustrated in the following table.

FKC Southeast Mecklenburg	In-Center patients
Begin with the Mecklenburg County patient population as of December 31, 2024.	36.0
Project the Mecklenburg County patient population forward 1 year to December 31, 2025, using the facility’s historical growth rate for Mecklenburg County patients.	$36.0 \times 1.121 = 40.0$
Add the patients from other counties and South Carolina. This is the projected ending census for Interim Year 1.	$40.4 + 12.0 = 52.4$
Project the Mecklenburg County patient population forward to December 31, 2026, using the facility’s historical growth rate for Mecklenburg County patients.	$40.4 \times 1.121 = 45.2$
Add the patients from other counties and South Carolina. This is the projected ending census for Operating Year 1.	$45.2 + 12.0 = 57.2$
Project the Mecklenburg County patient population forward to December 31, 2027, using the facility’s historical growth rate for Mecklenburg County patients.	$45.2 \times 1.121 = 50.7$
Add the patients from other counties and South Carolina. <b>This is the projected ending census Operating Year 2.</b>	$50.7 + 12.0 = 62.7$

Source: Section C, pages 26-28

In Section C, pages 26-27, and in the Form C Utilization subsection of Section Q, page 86, the applicant provides the assumptions and methodology used to project patient utilization, which are summarized below.

- The 2025 SMFP, Table 9D indicates that FKC Southeast Mecklenburg qualifies to apply for up to three additional dialysis stations pursuant to Condition 2 of the Facility Need Methodology. This is an application for three additional dialysis stations.
- The applicant begins its utilization projections with the patient census on December 31, 2024.
- The 5-Year Average Annual Change Rate (5-Year AACR) in the SMFP, which is commonly used to project growth of future ESRD patient populations, is showing no growth for Mecklenburg County in the 2025 SMFP. The applicant uses the historical facility experience to project growth. The applicant projects growth of the Mecklenburg County patient population using one third of the 3-Year CAGR 12.1% as shown in the table below.

FKC Southeast Mecklenburg- Mecklenburg County Patients							
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	Increase	3-Year CAGR	1/3 of 3-Year CAGR
Mecklenburg County ICHD Patients	15	30	46	38	153.3%	36.3%	12.1%

- FKC Southeast Mecklenburg is in southern Mecklenburg County, almost on the Mecklenburg County and South Carolina border. Given the location of this facility is close to South Carolina, it is reasonable to have patients who are South Carolina residents but choose to dialyze at a facility in Mecklenburg County North Carolina. As of December 31, 2024, 10 of the 48 in-center patients or 20.8% of the total patient population at the facility, were residents of South Carolina.

FKC Southeast Mecklenburg- South Carolina Patients							
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	Increase	3-Year CAGR	1/3 of 3-Year CAGR
South Carolina ICHD Patients	1	0	3	11	1000.0%	122.4%	40.8%

- In addition to the 10 South Carolina in-center patients at the facility as of December 31, 2024, the facility was serving a total of two in-center patients from Union County. Because Union County and South Carolina are both contiguous to Mecklenburg County, it is reasonable to conclude that these patients will continue dialysis at this facility as a function of patient choice.
- The new station are projected to be certified as of December 31, 2025. Therefore, Operating Year 1 is the period from January 1- December 31, 2026, and Operating Year 2 is the period from January 1- December 31, 2027.

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

- The applicant bases the projections of the future patient population to be served at the facility based on actual patient census as of December 31, 2024.
- The applicant projects growth of the Mecklenburg County patient using one third of the historical growth rate at the facility from CY2020 to CY2023.

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

In Section C, pages 31-32, the applicant states:

*“Each of our facilities has a patient population which includes low-income persons, racial and ethnic minorities, women, handicapped persons, elderly, or other traditionally underserved persons.*

*It is our corporate policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, or health insurer.*

*Fresenius Medical Care and its related facilities in North Carolina have historically provided substantial care and services to all persons in need of dialysis services, regardless of income, racial or ethnic background, gender, handicap, age or any other grouping/category or basis for being an underserved person.”*

In Section C, pages 33-34, the applicant provides the estimated percentage of total patients to be served for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons	50.0%
Racial and ethnic minorities	41.3%
Women	26.1%
Persons with Disabilities	21.7%
Persons 65 and older	41.3%
Medicare beneficiaries	76.1%
Medicaid recipients	32.6%

Source: Section C, page 33-34

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 applicant’s history of providing services to medically underserved groups.

### **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.

NA

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or services. 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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

In Section E, page 39, the applicant states that there is no alternative method available to the applicant of meeting the needs of the proposal. The applicant states,

*“Failure to apply for additional stations at FKC Southeast Mecklenburg would ultimately result in higher utilization rates. The applicant has demonstrated that the projected utilization for the end of operating year 1 is 2.86 patients per station; the projected utilization by the end of Operating Year 2 is 3.14 patients per station. These utilization rates are calculated based upon 20 dialysis stations.”*

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

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

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application



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

- 1. Bio-Medical Facilities of North Carolina, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
  - 2. Pursuant to Condition 2 of the facility need determination in the 2025 SMFP, the certificate holder shall develop no more than no more than three in-center dialysis for a total of no more than 20 in-center stations upon project completion**
  - 3. 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 October 1, 2025.**
  - 4. 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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

### **Capital and Working Capital Cost**

In Section F, page 40, the applicant projects a capital cost of \$11,250, as shown in the table below. The assumptions used to project capital cost in Form F. 1a Capital Cost are provided in Section Q.

<b>Capital Cost</b>	
Non-Medical Equipment	\$2,250
Furniture	\$9,000
<b>Total Capital Cost</b>	<b>\$11,250</b>

Source: Section F page 40

In Section F, page 42, the applicant states there are no projected working capital costs because it is an existing facility that is already operational.

### **Availability of Funds**

In Section F, page 40, the applicant projects the capital cost of the project, as shown in the table below.

<b>Source of Financing for Capital Costs</b>	<b>Amount</b>
Loans	\$0
Cash and Cash Equivalents Accumulated Reserves or OE*	\$11,250
Bonds	\$0
Other (Describe)	\$0
<b>Total Financing</b>	<b>\$11,250</b>

\*OE= Owner's Equity **Source:** Section F, page 40

In Exhibit F.2, the applicant provides documentation from VP of Corporate Tax for Fresenius Medical Care Holdings, Inc. that the company has committed cash reserves sufficient to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the documentation provided in Exhibit F-2.

### **Financial Feasibility**

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

	<b>CY2026 1<sup>st</sup> Full FY</b>	<b>CY2027 2<sup>nd</sup> Full FY</b>
Total Treatment	8,110	8,876
Total Gross Revenues (Charges)	\$51,020,234	\$55,841,772
Total Net Revenue	\$3,188,285	\$3,489,586
Average Net Revenue per Treatment	\$393	\$393
Total Operating Expenses (Costs)	\$2,835,777	\$3,044,541
Average Operating Expense per Treatment	\$350	\$343
Net Income	\$352,508	\$445,045

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Forms F.2, F.3 and F.4 in Section Q. The applicant adequately demonstrates that

the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant adequately explains the assumptions used to project revenue, such as projected reimbursement rates, and operating costs, such as salaries.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

On page 113, the 2025 SMFP defines the service area for dialysis stations as “...*the service area is the county in which the dialysis station is located. Each county comprises a service area except for two multicounty service areas: Cherokee, Clay and Graham counties and Avery, Mitchell, and Yancey counties.*” Thus, the service area for this facility consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

According to Table 9A, pages 125-126 of the 2025 SMFP, there are 23 existing or approved dialysis facilities in Mecklenburg County, as shown in the following table:

Dialysis Facility	Certified Stations 12/31/2023	Number In-Center Patients 12/31/2023	Utilization
BMA Bettis Ford	43	87	50.58%
BMA Nations Ford	28	95	84.82%
BMA of East Charlotte	32	118	92.19%
BMA West Charlotte	29	77	66.38%
Brookshire Dialysis	20	46	57.50%
Charlotte Dialysis	33	98	74.24%
Charlotte East Dialysis	34	91	66.91%
DSI Charlotte Latrobe Dialysis	24	63	65.63%
DSI Glenwater Dialysis	42	92	54.76%
FMC Charlotte	48	85	44.27%
FMC Matthews	21	91	108.33%
FMC of North Charlotte	40	133	81.13%
Fresenius Kidney Care Charlotte	0	0	0.00%
Fresenius Kidney Care Huntersville	0	0	0.00%
Fresenius Kidney Care Mallard Creek	12	39	81.25%
Fresenius Kidney Care Regal Oaks	17	60	88.24%
Fresenius Kidney Care Southeast Mecklenburg	17	52	76.47%
Fresenius Medical Care Aldersgate	16	52	81.25%
Fresenius Medical Care Southwest Charlotte	26	71	68.27%
Huntersville Dialysis	27	78	72.22%
INS Victory Home (replacement for INS Charlotte)	7	0	0.00%
Mint Hill Dialysis	21	49	58.33%
North Charlotte Dialysis	33	83	62.88%
South Charlotte Dialysis	27	74	68.52%

Source: Table 9A in the 2025 SMFP.

In Section G, page 47, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved dialysis services in Mecklenburg County. The applicant states:

*“This application is to add no more than three dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 stations upon project*

*completion. The need addressed by this application is not specific to Mecklenburg County as a whole. The station is needed by the patient population projected to be served at the facility”.*

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

- The applicant proposes to increase the number of dialysis stations at FKC Southeast Mecklenburg based on Condition 2 of the facility need determination in the 2025 SMFP.
- The applicant adequately demonstrates that the three proposed dialysis stations are needed in addition to the existing or approved dialysis stations in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

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

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

- (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**

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

In Section Q, Form H, page 95, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table:

Position	Current FTE Staff	Projected FTE Staff	Projected FTE Staff
	As of 2/6/2025	Year 1 CY2026	Year 2 CY2027
Administrator (FMC Clinic Manager)	1.00	1.00	1.00
Registered Nurses (RNs)	2.00	3.00	3.00
Technicians (PCT)	3.00	4.00	6.00
Dietician	1.00	1.00	1.00
Social Worker	1.00	1.00	1.00
Maintenance	1.00	1.00	1.00
Administration/Clerical	1.00	1.00	1.00
Other (FMC Director of Operations)	0.10	0.10	0.10
Other (FMC Chief Technician)	0.15	0.15	0.15
Other (FMC In-Service)	0.10	0.10	0.10
<b>Total</b>	<b>10.35</b>	<b>12.35</b>	<b>14.35</b>

Source: Section Q, Form H Staffing

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.4. In Section H, pages 49-50, 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 facility is an existing facility, and the applicant bases its staffing on its historical experience providing dialysis services at the facility.
- The applicant has existing policies regarding recruitment, qualifications for staff, training, and continuing education.

### **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.

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

### **Ancillary and Support Services**

In Section I, page 51, the applicant identifies the necessary ancillary and support services for the proposed services. On page 52-54, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

### **Coordination**

In Section I, page 56, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on its established relationships with other physicians and hospitals in the area and its agreements for lab services, hospital affiliation and transplant.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

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

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new

members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

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

NA

(11) Repealed effective July 1, 1987.

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

NA

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

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

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 63, the applicant provides the historical payor mix for CY2024 as shown in the table below.



FKC Southeast Mecklenburg						
	In-Center Dialysis		Home Hemodialysis		Peritoneal Dialysis	
Payment Source	# Patients	% Patients	# Patients	% Patients	# Patients	% Patients
Self-Pay	0.8	1.7%				
Insurance*	7.1	14.8%				
Medicare*	35.7	74.4%				
Medicaid*	1.9	3.9%				
Other	2.5	5.3%				
<b>Total</b>	<b>48.0</b>	<b>100.0%</b>				

\* Including any managed care plans.

In Section L, page 69, the applicant provides the following population comparison of the service area.

FKC Southeast Mecklenburg	Percentage of Total Patients Served (All modalities combined)	Percentage of the Population of the Service Area where the Stations will be Located or Services Offered*
Female	26.1%	51.7%
Male	73.9%	48.3%
Unknown		
64 and Younger	58.7%	87.7%
65 and Older	41.3%	12.3%
American Indian	4.3%	1.0%
Asian	4.3%	6.7%
Black or African-American	52.2%	32.8%
Native Hawaiian or Pacific Islander		0.1%
White or Caucasian	34.8%	56.6%
Other Race	4.3%	18.6%
Declined / Unavailable	-	-

Sources: BMA Internal Data, US Census Bureau

## Conclusion

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

In Section L, pages 66, the applicant states that during the 18 months immediately preceding the application deadline no patient civil rights access complaints have been filed against FKC Southeast Mecklenburg.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 66, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

FKC Southeast Mecklenburg Projected Payor Mix CY2027						
Payment Source	In-Center		HH		PD	
	# Patients	% Patients	# Patients	% Patients	# Patients	% Patients
Self-Pay	1.0	1.7%				
Insurance*	9.3	14.8%				
Medicare*	46.6	74.4%				
Medicaid*	2.4	3.9%				
Other-VA	3.3	5.3%				
<b>Total</b>	<b>62.7</b>	<b>100.00</b>				

\*Including any managed care plans

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 74.4 percent of in-center patients will be Medicare recipients, 3.9 percent of in-center services will be provided to Medicaid recipients.

On pages 66-67, the applicant provides the assumptions and methodology it uses to project payor mix during the second full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix at FKC Southeast Mecklenburg.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, pages 67-68, the applicant adequately describes the range of means by which patients will have access to the proposed services.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

In Section M, page 69, 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-2. 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 a copy of a letter sent to Central Piedmont Community College offering the facility as a training site for nursing students.
- FKC Southeast Mecklenburg has offered the facility as a clinical learning site for nursing students from Central Piedmont Community College.

### **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**

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

On page 113, the 2025 SMFP defines the service area for dialysis stations as “...*the service area is the county in which the dialysis station is located. Each county comprises a service area except for two multicounty service areas: Cherokee, Clay and Graham counties and Avery, Mitchell, and Yancey counties.*” Thus, the service area for this facility consists of Mecklenburg County. Facilities may serve residents of counties not included in their service area.

According to Table 9A, pages 125-126 of the 2025 SMFP, there are 23 existing or approved dialysis facilities in Mecklenburg County, as shown in the following table:

<b>Dialysis Facility</b>	<b>Certified Stations 12/31/2023</b>	<b>Number In-Center Patients 12/31/2023</b>	<b>Utilization</b>
BMA Bettis Ford	43	87	50.58%
BMA Nations Ford	28	95	84.82%
BMA of East Charlotte	32	118	92.19%
BMA West Charlotte	29	77	66.38%
Brookshire Dialysis	20	46	57.50%
Charlotte Dialysis	33	98	74.24%
Charlotte East Dialysis	34	91	66.91%
DSI Charlotte Latrobe Dialysis	24	63	65.63%
DSI Glenwater Dialysis	42	92	54.76%
FMC Charlotte	48	85	44.27%
FMC Matthews	21	91	108.33%
FMC of North Charlotte	40	133	81.13%
Fresenius Kidney Care Charlotte	0	0	0.00%
Fresenius Kidney Care Huntersville	0	0	0.00%
Fresenius Kidney Care Mallard Creek	12	39	81.25%
Fresenius Kidney Care Regal Oaks	17	60	88.24%
Fresenius Kidney Care Southeast Mecklenburg	17	52	76.47%
Fresenius Medical Care Aldersgate	16	52	81.25%
Fresenius Medical Care Southwest Charlotte	26	71	68.27%
Huntersville Dialysis	27	78	72.22%
INS Victory Home (replacement for INS Charlotte)	7	0	0.00%
Mint Hill Dialysis	21	49	58.33%
North Charlotte Dialysis	33	83	62.88%
South Charlotte Dialysis	27	74	68.52%

Source: Table 9A in the 2025 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 70, the applicant states:

*“The applicant does not expect this proposal to have an effect on the competitive climate in Mecklenburg County. The applicant does not expect to serve dialysis patients currently being served by another provider.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 76, the applicant states:

*“The applicant is serving a significant number of dialysis patients residing in the area of the facility. Approval will allow the facility to continue serving patients who reside in the area. Consequently, these patients will have a shorter commute to and from dialysis treatment. This is an immediate and significantly positive impact on the patients of the area.”*

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 71, the applicant states:

*“Quality of care is always at the forefront of Fresenius Medical care-related facilities. Quality of care is not negotiable. Fresenius Medical Care, parent organization for Fresenius Medical Care, parent organization for this facility, expects every facility to high quality care to every patient at every treatment.”*

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 76, the applicant states:

*“Fresenius related facilities in North Carolina have historically provided substantial care and services to all persons in need of dialysis services, regardless of income, racial or ethnic background, gender, [disability], age or any other grouping/category or basis for being an underserved person. Low income and medically underinsured persons will continue to have access to all services provided by Fresenius related facilities.”*

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

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

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

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

### **Conclusion**

The Agency reviewed the:

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

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

FKC Southeast Mecklenburg proposes to add no more than three in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center stations upon project completion.

On Form O, pages 97-100, in Section Q, the applicant identifies the kidney disease treatment centers located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 133 existing or approved kidney disease treatment facilities located in North Carolina.

In Section O, page 76, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in an Immediate Jeopardy violation that occurred in any of these facilities. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 133 facilities, the applicant provides sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical

center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The Criteria and Standards for End Stage Renal Disease Services promulgated in 10A NCAC 14C .2200 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

**10 NCAC 14C .2203 PERFORMANCE STANDARDS**

*(a) An applicant proposing to establish a new kidney disease treatment center or dialysis facility shall document the need for at least 10 dialysis stations based on utilization of 2.8 in-center patients per station per week as of the end of the first 12 months of operation following certification of the facility. An applicant may document the need for less than 10 stations if the application is submitted in response to an adjusted need determination in the State Medical Facilities Plan for less than 10 stations.*

-NA- FKC Southeast Mecklenburg is an existing facility. Therefore, this Rule is not applicable to this review.

*(a) An applicant proposing to increase the number of dialysis stations in:*

- (1) an existing dialysis facility; or*
- (2) a dialysis facility that is not operational as of the date the certificate of need application is submitted but has been issued a certificate of need; shall document the need for the total number of dialysis stations in the facility based on 2.8 in-center patients per station per week as of the end of the first 12 months of operation following certification of the additional stations.*

-C- In Section C, page 34, and on Form C in Section Q, the applicant projects to serve 57.2 patients on 20 stations, or a rate of 2.86 in-center patients per station per week ( $57.2 \text{ patients} / 20 \text{ stations} = 2.86$ ), by the end of the first operating year following project completion. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

*(c) An applicant proposing to establish a new dialysis facility dedicated to home hemodialysis or peritoneal dialysis training shall document the need for the total number of home hemodialysis stations in the facility based on training six home hemodialysis patients per station per year as of the end of the first full fiscal year of operation following certification of the facility.*

-NA- The applicant does not propose to establish a new dialysis facility dedicated to home hemodialysis or peritoneal dialysis training. Therefore, this Rule does not apply.

*(d) An applicant proposing to increase the number of home hemodialysis stations in a dialysis facility dedicated to home hemodialysis or peritoneal dialysis training shall document the need for the total number of home hemodialysis stations in the facility based on training six*



*home hemodialysis patients per station per year as of the end of the first full fiscal year of operation following certification of the additional stations.*

- NA- The applicant does not propose to increase the number of home hemodialysis stations. Therefore, this Rule does not apply.
- (e) *An applicant shall provide all assumptions, including the methodology by which patient utilization is projected.*
- C- In Section C, pages 25-28, and in the Form C Utilization subsection of Section Q, the applicant provides the assumptions and methodology it used to project utilization of the facility. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.