REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conforming as Conditioned
NC = Nonconforming
NA = Not Applicable

Decision Date: June 19, 2026
Findings Date: June 19, 2026

Project Analyst: Crystal Kearney
Co-Signer: Gloria C. Hale

Project ID #: O-12767-26
Facility: New Hanover Dialysis
FID #: 140333
County: New Hanover
Applicant: Total Renal Care of North Carolina, LLC
Project: Add no more than two in-center dialysis stations pursuant to Condition 2 of the facility need methodology for a total of no more than 20 in-center dialysis 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

Total Renal Care of North Carolina, LLC (hereinafter referred to as "the applicant") proposes to add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty stations upon project completion.

Need Determination (Condition 2)

Chapter 9 of the 2026 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, on page 129 of the 2026 SMFP, the county need methodology

shows there is not a county need determination for additional dialysis stations in New Hanover 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 2026 SMFP, if the utilization rate for the facility as reported in the 2026 SMFP is at least 75 percent or 3.0 patients per station per week or greater, as stated in Condition 2.a. The utilization rate reported for the facility in Table 9A, page 122 of the 2026 SMFP, is 79.17% or 3.17 patients per station per week, based on 57 in-center dialysis patients and 18 certified dialysis stations (57 patients / 18 stations = 3.1666, 3.1666 / 4 = 79.17%).

As shown in Table 9D, on page 132 of the 2026 SMFP, based on the facility need methodology for dialysis stations, the potential number of stations needed is up to four additional stations; thus, the applicant is eligible to apply to add up to four stations during the 2026 SMFP review cycle pursuant to Condition 2 of the facility need methodology.

The applicant proposes to add no more than two new stations to the facility, which is consistent with the 2026 SMFP calculated facility need determination for up to four stations; therefore, the application is consistent with Condition 2 of the facility need determination for dialysis stations.

Policies

One policy in Chapter 4 of the 2026 SMFP is applicable to this review, *Policy GEN-5*: *Access to Culturally Competent Healthcare.*

Policy GEN-5, pages 30-31 of the 2026 SMFP, states:

> *"A certificate of need (CON) applicant applying to offer or develop a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity.*

CON applications will include the following:

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

***Item 1**: Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be*

described in terms including, but not limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.

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

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

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

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

Demographics

In Section B, page 20, the applicant provided the following table that reflects the patient demographics at New Hanover Dialysis.

Group	Last Full FY before Submission of the Application	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area
a. Low-income persons	87.7%	11.7%
b. Racial and ethnic minorities	43.1%	17.1%
c. Women	40.3%	52.6%
d. Persons with disabilities	100.0%	8.3%
e. Persons 65 and older	45.8%	19.9%
f. Medicare beneficiaries	78.9%	n/a
g. Medicaid recipients	8.8%	n/a
h. Language: English	89.9%	94.8%
i. Language: Other	10.1%	8.%
j. High school graduate or higher	n/a	94.0%
k. Percent of population – Urban*	n/a	98.3%
l. Percent of population – Rural*	n/a	1.7%

**County-level Urban and Rural information for the 2020 Census* (Updated September 2023), https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html

The applicant states that health equity is foundational to achieving DaVita's vision of an *unwavering pursuit of a healthier tomorrow*. The applicant states that DaVita's 2024 Community Care Annual Report is the annual report outlining their overall approach to their Environmental, Social and Governance (ESG) goals. The applicant states, "*We are committed to enabling equity for all patients at every step of the kidney care journey. This means reducing and eliminating barriers so that ALL of our patients are empowered to achieve their optimal*

kidney health, regardless of race, socio-economic status, gender or other social drivers. Culturally competent care is essential as we strive towards health equity."

In Section B, pages 20-21, the applicant adequately describes the strategies it would implement to provide culturally competent services to members of the medically underserved community it identified in the table above and how progress will be assessed. The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will provide culturally competent 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 based on the following:

- The applicant does not propose to develop more dialysis stations than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-5* based on the following:
    - The applicant provided patient demographics for New Hanover County.
    - The applicant described the strategies that it would implement at New Hanover Dialysis including offering language assistance services to patients that have limited English proficiency and providing Health Equity and Cultural Humility training to all teammates.
    - The applicant described how its strategies reflect cultural competence because the plan meets patients where they are and individualizes their care and it helps teammates develop a set of skills and knowledge to better understand the importance of respecting patients' different perspectives.
    - The applicant described how it will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities including assessing data and performance for different patient populations and reviewing the data and plan annually.

(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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

Patient Origin

On page 107, the 2026 SMFP defines the service area for dialysis stations as *"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 New Hanover County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

New Hanover Dialysis Last Full FY 1/1/2025 to 12/31/2025				
County	**# of in-center Patients**	**% of Total**	**# of Home Hemodialysis Patients ****	**% of Total**
New Hanover	49	86.0%	10	43.48%
Brunswick	2	3.5%	5	21.74%
Cabarrus	1	1.8%		0.00%
Columbus	1	1.8%	3	13.04%
Pender	3	5.3%	4	17.39%
Other States	1	1.8%		0.00%
South Carolina			1	4.35%
Total	**57**	**100.0%**	**23**	**100.0%**

Source: Section C, page 23 of the application

***** This should match the name provided in Section A, Question 4.

****** This is **not** the number of patients trained in a year. Provide the total number of patients performing their hemodialysis or peritoneal dialysis in a location other than the dialysis facility.

New Hanover Dialysis Second Full FY 1/1/2029 to 12/31/2029				
County	**# of in-center Patients**	**% of Total**	**# of Home Hemodialysis Patients ****	**% of Total**
New Hanover	54	87.1%	14	51.9%
Brunswick	2	3.2%	5	18.5%
Cabarrus	1	1.6%		
Columbus	1	1.6%	3	11.1%
Pender	3	4.8%	4	14.8%
Other States	1	1.6%		
South Carolina			1	3.7%
Total	**62**	**100.0%**	**27**	**100.0%**

Source: Section C, page 24 of the application

In Section C, pages 24-25, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant began projections for in-center patient utilization with the patient population at New Hanover Dialysis as of December 31, 2025. The facility had 57 patients and 49 of those patients lived in the New Hanover County service area. The remaining 8 patients lived outside the service area.
- The applicant used the 2.5% Average Annual Change Rate for the Past Five Years (5YAACR) for the in-center patients living in New Hanover County based on facility growth. The period of growth begins January 1, 2026, and is calculated forward to December 31, 2029.
- The applicant did not calculate growth for the patients living outside of New Hanover County.
- The applicant provided projected patients for FY1 and FY2 . The applicant states that the based on calculations above, by the end of FY1 New Hanover Dialysis is projected to have: 61patients / 20 certified stations = 3.050 patients/station. The applicant states the utilization rate is 76.25% (3.050 /4 – 0.7625).
- For home hemodialysis, the applicant states that the projections for patient utilization begin with the home patient population at New Hanover Dialysis as of December 31, 2025. The census included 23 HHD patients.
- The applicant assumes the home hemodialysis census will grow by one patient per year.
- The applicant states that FY1 and FY2 are projected to be December 31, 2028-December 31, 2029.

Analysis of Need

In Section C, page 26 the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 26, the applicant states:

> *"There is a facility need determination of 4 stations for New Hanover, which had 18 existing, as reported in Tables 9D and 9A of the 2026 SMFP.*
>
> *...*
>
> *we demonstrate that an additional 2 stations will be well utilized by the population to be served, this facility's current and projected in-center patients. The addition of stations serves to increase capacity and proactively address the issues of growth and access at the facility. Dialysis patients spend a significant amount of time in their facilities preparing for and receiving treatment – three times a week for in-center patients. The additional stations provide opportunities to open appointment times on the more desirable first shift."*

The information is reasonable and adequately supported because the applicant demonstrates eligibility to add dialysis stations to its facility under Condition 2 of the facility need

methodology, as stated in the 2026 SMFP. The discussion regarding the need methodology found in Criterion (1) is incorporated herein by reference.

In Section Q, Form C, the applicant provides historical and projected utilization, as illustrated in the following table.

Projected Utilization

Utilization	Last Full FY CY2025	Interim Full FY CY2026	Interim Full FY CY 2027	1st Full FY CY 2028	2nd Full FY CY 2029
In-Center Patients					
# of Patients at the Beginning of the Year	57.00	57.00	58.23	59.48	60.77
# of Patients at the End of the Year	57.00	58.23	59.48	60.77	62.09
Average # of Patients during the Year	57.00	57.61	58.85	60.12	61.43
# of Treatments /Patient /Year	145.93	148.20	148.20	148.20	148.20
Total # of Treatments	8,318.00	8,538.17	8,721.99	8,910.40	9,103.52
Home Hemodialysis Patients					
# of Patients at the Beginning of the Year	17.00	23.00	24.00	25.00	26.00
# of Patients at the End of the Year	23.00	24.00	25.00	26.00	27.00
Average # of Patients during the Year	20.00	23.50	24.50	25.50	26.50
# of Treatments /Patient / Year	202.70	148.20	148.20	148.20	148.20
Total # of Treatments	4,054.00	3,482.70	3,630.90	3,779.10	3,927.30
Total Patients					
# of Patients at the Beginning of the Year	74.00	80.00	82.23	84.48	86.77
# of Patients at the End of the Year	80.00	82.23	84.48	86.77	89.09
Average # of Patients during the Year	77.00	81.11	83.35	85.62	87.93
# of Treatments /Patient / Year	160.68	148.20	148.20	148.20	148.20
Total # of Treatments	12,372.00	12,020.87	12,352.89	12,689.50	13,030.82

# of Treatments / Patient/ Year assumes patient receives treatment 3 times a week, 52 weeks a year and includes a missed treatment rate of 5% (3 x 52 X 0.95 = 148)

In Section C, pages 25-26, and Section Q, page 84 , the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant began with the patient census at New Hanover as of December 31, 2025. There were 57 in-center patients and of those patients,49 patients lived in New Hanover County and 8 lived outside of New Hanover County.
- The applicant used the 2.5% Average Annual Change Rate for the Past Five Years (5YAACR) for the New Hanover County in-center patients based on the facility's growth. No growth was calculated for patients living outside of New Hanover County; however, they were added at the appropriate times in the methodology.
- The period of growth begins January 1, 2026, and is calculated forward to December 31, 2029. The first full FY is CY 2028, and the second full FY is CY 2029.

	IC Stations	IC Patients
Station count and patient census at the facility as of 12/31/2025.	18	57
The facility's New Hanover County patient census is projected forward a year to 12/31/2026 by applying a growth rate of 2.5%. This is the ending census for the first interim partial year.		49 x 1.025 = 50.22500
The patients outside of New Hanover County are added. This is the ending census for the first interim full year.		50.23 + 8 = 58.23
The facility's New Hanover County patient census is projected forward a year to 12/31/2027 by applying a growth rate.		50.23 x 1.025 = 51.48063
The patients outside of New Hanover County are added. This is the ending census for the second interim full year.		51.48 + 8 = 59.48
The proposed project is projected to be certified on 1/1/2028. This is the station count at the beginning of the project's first full fiscal year (FY1). The facility's New Hanover County patient census is projected forward a year to 12/31/2028 by applying a growth rate.	18 + 2= 20	51.48 x 1.025 = 52.7676
The patients from outside New Hanover County are added. This is the ending census for the first full fiscal year (FY1).		52.77 + 8 = 60.77
The facility's New Hanover County patient census is projected forward a year to 12/31/2029 by applying a growth rate.		52.77 x 1.025 = 54.08683
The patients outside of New Hanover County are added. This is the ending census for the second full fiscal year (FY2).		54.0 + 8 = 62.09

Source: Section C, page 25 of the application
Note: number in brackets is analyst's calculation.

- Projected patients for FY1 and FY2 are rounded to the nearest whole number.
- Based on the calculations above, by the end of FY1 New Hanover Dialysis is projected to have:

  61 patients/20 certified stations = 3.0500 patients/station/week or
  3.0500 / 4 = 0.7625 or 79.25% utilization rate.

Home Patients:

The applicant states that the projections for patient utilization begin with the home patient population at New Hanover Dialysis as of December 31, 2025.

The census, as reported in the facility's December 2025 ESRD Data Collection form, included 23 HHD patients.

The New Hanover Dialysis home program trained 36 HHD patients in 2025. For a variety of reasons, not all patients who are trained to perform home dialysis stay on the modality (transplant, medically necessary modality change, patient choice, etc.). The following home patient projections assume that the facility's home census will grow at a rate of at least one patient per year per modality during the period of growth.

The period of growth begins January 1, 2026 and is calculated forward to December 31, 2029.

FY1 is projected to be January 1, 2028 to December 31, 2028.
FY2 is projected to be January 1, 2029 to December 31, 2029.

	HHD Patients
Home patient census at the facility as of 12/31/2025	23
The facility's home patient census is projected forward a year to 12/31/2026.	23 + 1 = 24
The facility's home patient census is projected forward a year to 12/31/2027.	24 + 1 = 25
The facility's home patient census is projected forward a year to 12/31/2028.	25 + 1 = 26
The facility's home patient census is projected forward a year to 12/31/2029.	26 + 1 = 27

Source: Section C, page 25 of the application

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

- The applicant projects future utilization based on historical utilization and growth.
- The growth rate used for projecting utilization for in-center patients is lower than the facility's 5YAACR.
- Projected utilization at the end of FY1, which is 3.05 patients per station per week, meets the minimum of 2.8 patients per station per week as required by 10A NCAC 14C .2203(b).
- Projected utilization for home patient projections assumes that the facility's home census will grow at a rate of at least one patient per year per modality during the period of growth.

Access to Medically Underserved Groups

In Section C, page 29, the applicant states:

"By policy, the proposed services will be made available to all residents in the service area without qualifications. The facility will serve patients without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability and socioeconomic groups of patients in need of dialysis.

We will make every reasonable effort to accommodate all patients, especially those with special needs such as those with disabilities, patients attending school or patients who work. Dialysis services will be provided six days per week with two patient shifts per day to accommodate patient need.

New Hanover will help uninsured/underinsured patients with identifying and applying for financial assistance; therefore, services are available to all patients including low-income persons, racial and ethnic minorities, women, disabled persons, elderly and other under-served persons."

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

Medically Underserved Groups	Percentage of Total Patients during the Second Full Fiscal Year
Low income persons	87.7%
Racial and ethnic minorities	43.1%
Women	40.3%
Persons with Disabilities	100.0%
Persons 65 and older	45.8%
Medicare beneficiaries	78.9%
Medicaid recipients	8.8%

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 service. Therefore, Criterion (3a) is not applicable to this review.

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

CA

The applicant proposes to add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

In Section E, page 39, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- **Maintain the status quo**. The applicant states that this alternative was dismissed given the growth rate at the facility.
- **Relocate stations from another DaVita facility.** The applicant states that of the two other DaVita facilities in New Hanover County, both operate at less than 75% capacity. However, relocating stations from either Southeastern Dialysis Center - Wilmington or Cape Fear Dialysis would negatively impact operations and the patients presently served by this facility as it would disrupt patient and teammate scheduling at the facility, including transient patients whose seasonal travel to the region affects utilization.

In Section C, page 27, the applicant determined that its proposal is the most effective alternative because the additional stations will increase capacity and proactively address the issues of growth and access at New Hanover Dialysis and provide opportunities to open appointment times on the more desirable first shift.

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 and regulatory 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 stated above. Therefore, the application is approved subject to the following conditions:

1. **Total Renal Care of North Carolina, LLC (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 2026 SMFP, the certificate holder shall develop no more than two additional in-center dialysis stations for a total of no more than twenty in-center stations at New Hanover Dialysis upon completion of this project.**

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 on December 1, 2026.**

4. **The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**

5. **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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

Capital and Working Capital Costs

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

Capital Cost	
Medical Equipment	$13,500
Non Medical Equipment	$10,450
Furniture	$4,000
Total	**$27,950**

In Section Q, page 89, 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 because Davita's Project Manager for North Carolina and Finance used a corporate model and regional database along with inputs from operations and the regional Real Estate team to develop the capital cost for the proposed project.

In Section F, page 42, the applicant states that there will be no start-up costs or initial operating expenses because New Hanover Dialysis is an existing facility and its revenues exceed its operating costs.

Availability of Funds

In Section F, page 41, the applicant states that the capital cost will be funded with Total Renal Care of North Carolina, LLC's accumulated reserves.

Exhibit F.2c contains a letter dated March 6, 2026, from the Chief Accounting Officer at DaVita Kidney Care. DaVita is the parent company and 100% owner of Total Renal Care, Inc., which owns 85% of the ownership interest in Total Renal Care of North Carolina, LLC. The letter confirmed that DaVita is willing to commit cash reserves for the capital costs of the proposed project.

Exhibit F.2 contains DaVita Inc.'s Consolidated Balance Sheet for the years ending December 31, 2024, and December 31, 2025. According to the Consolidated Balance Sheet, as of December 31, 2025, DaVita, Inc. had adequate cash and assets to fund all the capital needs of the project.

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

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

Financial Feasibility

The applicant provided pro forma financial statements for the first 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 two full fiscal years following completion of the project, as shown in the table below.

	1st Full Fiscal Year CY 2028	2nd Full Fiscal Year CY 2029
Total # of Treatments	12,689	13,031
Total Gross Revenue (Charges)	$4,685,429	$4,816,136
Total Net Revenue	$4,521,985	$4,648,296
Average Net Revenue per Treatment	$356	$357
Total Operating Expenses (Costs)	$2,730,734	$2,796,295
Average Operating Expense per Treatment	$215	$215
Net Income	$1,791,251	$1,852,001

The assumptions used by the applicant in preparation of the pro forma financial statements are provided 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 including projected reimbursement rates by payor source and operating cost 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 needs 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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

On page 107, the 2026 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."* New Hanover Dialysis is in New Hanover County. Thus, the service area for this facility is New Hanover County. Facilities may serve residents of counties not included in their service area.

According to the 2026 SMFP, Table 9A, page 122, there are four existing or approved dialysis facilities in New Hanover County, as shown in the following table:

New Hanover County			
	# of Certified Stations as of 12/31/2024	**# of In-Center Patients as of 12/31/2024**	**Utilization Rate as of 12/31/2024**
Cape Fear Dialysis	32	89	69.53%
New Hanover Dialysis	18	57	79.17%
Ogden Park Home Training	0	0	0.00%
Southeastern Dialysis Center-Wilmington	32	86	67.19%

In Section G, page 48, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or dialysis services in New Hanover County. The applicant states:

> *"Based on the facility need methodology in the 2025* [sic] *SMFP under Condition 2, New Hanover Dialysis qualifies to add up to 4 dialysis stations.*
>
> *.... we demonstrate the need that New Hanover Dialysis has for adding stations. While adding stations at this facility does increase the number of stations in New Hanover County, it is based on the facility need methodology. It ultimately serves to meet the needs of the facility's growing population of patients referred by the facility's admitting nephrologists. The addition of stations, therefore, serves to increase capacity rather than duplicate any existing or approved services in the service area."*

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

- There is a facility need determination in the 2026 SMFP for up to four dialysis stations at New Hanover.

- The applicant adequately demonstrates that the proposed dialysis stations are needed in addition to the existing or approved dialysis stations in New Hanover County.

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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

In Section Q, Form H, 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 *As of 2/28/2026*	Projected FT Estaff 2nd Full Fiscal Year *CY 2029*
Administrator	1.00	1.00
Registered Nurses (RNs)	2.25	2.50
Home Training Nurse	0.50	1.00
Technicians (PCT)	6.75	7.50
Dietician	0.50	0.50
Social Worker	0.50	0.50
Administration/Business Office	1.00	1.00
Other - Biomedical Tech	0.50	0.50
TOTAL	**13.00**	**14.50**

The assumptions and methodology used to project staffing are provided in Section Q, page 97. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.4. In Section H, pages 51-52, 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 resources to recruit or fill vacant or new positions, train staff, and provide 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.

C

The applicant proposes to add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

Ancillary and Support Services

In Section I, page 54, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 54-56, 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 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 its established relationships with other healthcare providers and social service agencies in New Hanover County.

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.

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 66, the applicant provides the historical payor mix during CY 2025 for the proposed services, as shown in the table below.

New Hanover Dialysis Last Full FY CY 2025				
	In-center Dialysis		Home Hemodialysis	
Primary Payor Source at Admission	# of Patients	% of Total	# of Patients	% of Total
Insurance *	5	8.8%	4	17.4%
Medicare*	45	78.9%	17	73.9%
Medicaid*	5	8.8%	0	0.0%
Other-VA	2	3.5%	2	8.7%
Total	57	100.0%	23	100.0%

Source: Section L, page 66 of the application
*Including any managed care plans

In Section L, page 67, the applicant provides the following comparison.

New Hanover Dialysis Last Full FY before Submission of the Application		
	% of Total Patients Served ^	**% of the Population of the Service Area***
Female	40.3%	52.6%
Male	59.7%	47.4%
64 and Younger	54.2%	80.1%
65 and Older	45.8%	19.9%
American Indian	0.0%	0.7%
Asian	0.0%	1.7%
Black or African-American	30.6%	12.1%
Native Hawaiian or Pacific Islander	1.4%	0.1%
White or Caucasian	56.9%	82.8%
Other Race	11.1%	2.5%

Source: Section L, page 67 of the application
All patients (in-center, home hemodialysis, and peritoneal dialysis).
*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.

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 67, the applicant states it has no such obligation but that New Hanover Dialysis will provide services to the entire resident population of New Hanover County and the surrounding areas without regard to payer source, gender, race , and ethnicity.

In Section L, page 67, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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 68, the applicant projects the following payor mix for the proposed services during the second full fiscal year of operation following completion of the project, as shown in the table below.

New Hanover Dialysis Projected Payor Mix during the 2nd Full FY CY2029				
Payor Source	**In-center Dialysis**		**Home Hemodialysis**	
	# of Patients	**% of Total**	**# of Patients**	**% of Total**
Insurance *	5.45	8.8%	4.70	17.4%
Medicare*	49.02	78.9%	19.96	73.9%
Medicaid*	5.45	8.8%	0.00	0.0%
Other-VA	2.18	3.5%	2.35	8.7%
Total	**62.09**	**100.0%**	**27.00**	**100.0%**

*Including any managed care plans
Source: Section L, page 68 of the application

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 0% of total in-center services will be provided to self-pay patients, 78.9% to Medicare patients and 8.8% to Medicaid patients. For home hemodialysis, 0% of total services will be provided to self-pay patients, 73.9% to Medicare patients and 0% to Medicaid patients.

On page 68, the applicant provides the assumptions and methodology used 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 New Hanover Dialysis during the last full fiscal year (CY2025).

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 reason 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 M, page 69, the applicant 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 the review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

In Section M, page 71, 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 applicant's statement that it has offered the facility as a clinical learning site for nursing students from UNC Wilmington and by providing a copy of the training agreement with UNC Wilmington in Exhibit M.1.

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 add no more than two dialysis stations at New Hanover Dialysis pursuant to Condition 2 of the facility need methodology for a total of no more than twenty dialysis stations upon project completion.

On page 107, the 2026 SMFP defines the service area 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*." New Hanover Dialysis Center is in New Hanover County. Thus, the service area for this facility is New Hanover County. Facilities may serve residents of counties not included in their service area.

According to the 2026 SMFP, Table 9A, page 122, there are four existing or approved dialysis facilities in New Hanover County, as shown in the following table:

New Hanover County			
	# of Certified Stations as of 12/31/2024	**# of In-Center Patients as of 12/31/2024**	**Utilization Rate as of 12/31/2024**
Cape Fear Dialysis	32	89	69.53%
New Hanover Dialysis	18	57	79.17%
Ogden Park Home Training	0	0	0.00%
Southeastern Dialysis Center-Wilmington	32	86	67.19%

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 73, the applicant states:

> *"The expansion of New Hanover Dialysis will have no effect on competition in New Hanover County. Although the addition of stations at this facility could serve to provide more patients another option to select a provider that gives them the highest quality service and better meets their needs, this project primarily serves to address the needs*

of a population already served (or projected to be served, based on historical growth rates) by DaVita.

…

The expansion of New Hanover Dialysis will enhance accessibility to dialysis for our patients, and by reducing the economic and physical burdens on our patients, this project will enhance the quality and cost effectiveness of our services because it will make it easier for patients, family members and others involved in the dialysis process to receive services."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 73, the applicant states:

"The expansion of New Hanover will enhance accessibility to dialysis for current and projected patients and, by reducing the economic and physical burdens on our patients, this project will enhance the quality and cost effectiveness of our services because it will make it easier for patients, family members and others involved in the dialysis process to receive services. As noted in Form H, with additional capacity, greater operational efficiency is possible which positively impacts cost-effectiveness.

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

Regarding the impact of the proposal on quality, in Section N, page 74, the applicant states:

"As noted in Form H, with additional capacity, greater operational efficiency is possible which positively impacts cost-effectiveness. As discussed in Section B and Section O, DaVita is committed to providing quality care to the ESRD population and by policy, works to make every reasonable effort to accommodate all of its patients."

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 73, the applicant states:

"*…. The facility will serve patients without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability and, by policy, works to make every reasonable effort to accommodate all of its patients.'*

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

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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, 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 104 of this type of facility located in North Carolina.

In Section O, page 78 , the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy 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 104 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- New Hanover Dialysis is an existing facility. Therefore, this Rule is not applicable to this review.

(b) 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 25, and on Form C in Section Q, the applicant projects to serve 61 in-center patients on 20 stations, or a rate of 3.05 in-center patients per station per week (61 patients / 20 stations = 3.05), 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) *The applicant shall provide the assumptions and methodology used for the projected utilization required by this Rule.*

-C- In Section C, pages 29, and in 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.