



April 30, 2015

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Sent via Email

RE: Comments Regarding Old Vineyard Behavioral Health Services CON Application, Project I.D. # G-011024-15

Dear Ms. Hale,

On behalf of workers represented by the Service Employees International Union (“SEIU”), the largest union of healthcare workers in the U.S. with 1.1 million members nationwide, we write to oppose the Certificate of Need application (Project I.D. # G-011024-15) submitted by Old Vineyard Behavioral Health Services (“Old Vineyard”), a subsidiary of Universal Health Services, Inc. (“UHS”).<sup>1</sup> One of SEIU’s central missions is ensuring quality healthcare for Americans. Like other stakeholders throughout North Carolina, we are increasingly concerned with ensuring access to quality healthcare while controlling healthcare costs.

The Certificate of Need application for Project I.D. # G-011024-15 seeks to add 38 adult psychiatric inpatient beds and 22 child/adolescent psychiatric beds to Old Vineyard’s existing campus in Forsyth County.<sup>2</sup> However, the proposed project fails to meet several crucial Certificate of Need review criteria, as our comments – submitted in accordance to N.C. Gen. Stat. § 131E-185(a1)(1) – will demonstrate. This cover letter summarizes our comments against this proposed project, and the enclosed memorandum contains our analysis in greater detail.

Firstly, there is no need for these proposed beds in Forsyth County. The North Carolina 2015 State Medical Facilities Plan determined that the need for adult and child/adolescent psychiatric inpatient beds is outside of Forsyth County and its surrounding catchment area.<sup>3</sup> The North Carolina 2015 State Medical Facilities Plan also determined that Forsyth County is and will continue to be over-bedded with both adult and child/adolescent psychiatric inpatient beds through 2017.<sup>4</sup>

Secondly, after reviewing the operations of Old Vineyard and its parent company, UHS, we have serious concerns about their ability and willingness to provide sufficient staffing. Medicare Cost Report data reveals alarmingly low staffing ratios at Old Vineyard. Regulator inspections reveal

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egregious staffing violations and disturbing incidents tied to inadequate staffing, while a review of UHS' company filings have shown a significant decrease in staffing costs over the last decade.<sup>5</sup>

Thirdly, we have serious concerns about Old Vineyard's ability to provide quality care to the populations entrusted in their care. In the last several years, the facility has been cited by regulators for posing "immediate jeopardy" to their patients' health and safety.<sup>6</sup> Further review of regulator inspections of UHS facilities across North Carolina and the U.S., reveal an alarming number and range of quality of care failures, some of which have been serious enough to prompt facility closures<sup>7</sup> and admissions freezes.<sup>8</sup>

Lastly, Old Vineyard is currently under investigation by federal authorities. Old Vineyard is part of a widening federal probe into its parent company, UHS, and 21 UHS facilities across the nation by the U.S. Department of Justice Criminal Frauds Section and the U.S. Department of Health and Human Services Office of the Inspector General (OIG).<sup>9</sup> In late February, UHS disclosed that the civil aspect of the coordinated probe is a False Claims Act investigation focused on billings submitted to the government.<sup>10</sup> In a troubling development, UHS disclosed on March 31, 2015 that UHS, as a corporate entity, is facing a criminal fraud investigation by the U.S. Department of Justice.<sup>11</sup> A criminal fraud investigation of the corporate entity controlling nearly 200 UHS facilities across the U.S., including Old Vineyard, is highly alarming and raises serious concerns about potentially widespread fraudulent activity.<sup>12</sup>

For these reasons, we urge your office to deny CON Project I.D. # G-011024-15. We are happy to provide any documentation cited in our memorandum. You may contact me directly at [amy.lee@seiu.org](mailto:amy.lee@seiu.org). Thank you for your consideration.

Sincerely,



Amy Lee

*Cc: Martha Frisone, Assistant Section Chief*

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**Lack of Need**

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*CON review criterion § 131E-183(1):*

- (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.*

The CON proposal (Project I.D. # G-011024-15) submitted by Old Vineyard Behavioral Health Services (“Old Vineyard”) does not conform to review criterion #1 and Policy Gen-3<sup>13</sup> because it fails to adequately demonstrate need for the project in the proposed service area. The applicant is seeking to relocate 60 psychiatric inpatient beds from Broughton State Psychiatric Hospital in Burke County to Forsyth County, pursuant to Policy PSY-1.<sup>14</sup> In essence, the Old Vineyard is proposing to add 38 adult and 22 child/adolescent psychiatric inpatient beds to its existing campus in Forsyth County;<sup>15</sup> however, there is no evidence of any need for these beds in Forsyth County or its surrounding service area.<sup>16</sup>

The 2015 State Medical Facilities Plan determined there is no need for psychiatric inpatient beds in the applicant’s proposed service area of Forsyth County. The Plan shows a projected statewide need of only 69 adult psychiatric inpatient beds through 2017.<sup>17</sup> The need for these beds falls within the catchment areas managed by the local management entity-managed care organizations (LME-MCO) of Alliance Behavioral Healthcare<sup>18</sup> and Coastal Care.<sup>19,20</sup> Forsyth County, however, is part of the catchment area managed by the Center Point Human Services LME-MCO. Compared to its LME-MCO peers, the Center Point Human Services LME-MCO encompasses the second most over-bedded catchment area in North Carolina, with a state-projected surplus of 95 adult psychiatric inpatient beds through 2017.<sup>21</sup>

The 2015 State Medical Facilities Plan also determined a limited need for child/adolescent psychiatric inpatient beds, with a statewide need of only 46 beds through 2017.<sup>22</sup> The need for these beds falls within the catchment areas managed by the East Carolina Behavioral Health, Eastpointe, and Smoky Mountain Center LME-MCOs.<sup>23</sup> Center Point Human Services’ catchment area has a state-projected surplus of 22 child/adolescent psychiatric beds.<sup>24</sup>

In effect, state projections have determined that Forsyth County is already over-bedded with both adult and child/adolescent psychiatric inpatient beds. Since the 2015 State Medical Facilities Plan clearly states that “there is no [psychiatric inpatient bed] need anywhere else in the state” other than in the service areas indicated in the need determination,<sup>25</sup> there is no need for this project and the applicant’s CON proposal should be denied.

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**Inadequate Staffing**

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*CON review criterion § 131E-183(7):*

- (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.*

Old Vineyard’s CON application provides details regarding the health personnel available for the provision of its proposed services. However, an analysis<sup>26</sup> of Old Vineyard’s operations reveals an alarming pattern of insufficient staffing and raises serious questions about the applicant’s ability to provide the health personnel necessary to protect patients and staff.

An analysis of Medicare Cost Report Data showed that in the past several years, Old Vineyard has had consistently low staffing ratios, or FTEs<sup>27</sup> per adjusted occupied bed, compared to its North Carolina freestanding IPF<sup>28</sup> peers. In 2013, Old Vineyard had the lowest staffing ratio among the state’s 9 freestanding IPFs with only 1.8 FTEs per adjusted occupied bed.<sup>29</sup>

Year	Staffing Ratio: FTEs per Adjusted Occupied Bed	North Carolina Avg.	State Rank (#1 indicates lowest in state)
2011 <sup>30</sup>	2.2	4.9	2
2012 <sup>31</sup>	2.0	4.6	1
2013	1.8	4.3	1

Source: Medicare Cost Reports

Additionally, review of inspection reports issued by government regulators reveals a number of egregious violations of staffing requirements, as well as disturbing incidents tied to inadequate staffing at Old Vineyard. For example, CMS inspectors cited Old Vineyard in May 2013 for failing to ensure the protection of patients’ right to be free from abuse. One nurse said that she was not able to protect a patient because, “I am rarely able to leave our glass bubble (nursing station). We have 18 patients with one nurse. (RN #2) stayed over but she said she wasn’t helping with the new admissions until her day shift charting was done. I had four admissions.”<sup>32</sup>

Inadequate staffing has been a persistent problem at the facility, as evidenced by inspection reports stemming back to 2009. Violations include:

- The North Carolina Division of Health Service Regulation inspectors cited Old Vineyard in April 2010 for failing to protect and monitor patients during a disruptive incident, in which a resident was destroying property in the hallway. Due to the hallway incident, one staff member was tasked with monitoring eight residents instead of the usual four which, according to the lead mental health counselor, was “eight patients...too much for effective monitoring.” During this period of time, two teen residents were left unsupervised for over an hour and a sexual assault was subsequently reported. While observation sheets for these residents documented periodic observations, video showed that staff never actually entered the room to monitor them.<sup>33</sup>
- CMS (Centers for Medicare and Medicaid) inspectors cited Old Vineyard in November 2009 for failing to provide each unit with a separately functioning staff. CMS found that instead of providing a separate licensed nurse for each unit, one nurse sometimes covered duties on two units at once, switching places with an MHT when she moved between them.<sup>34</sup>
- North Carolina Division of Health Service Regulation inspectors cited Old Vineyard in April 2009 for failing to maintain line-of-sight monitoring. A facility nurse was tasked with simultaneously monitoring four patients on two different units, all with histories of being sexual offenders with aggressive behaviors, while also dispensing medications. When interviewed, the nurse said, “I was watching (all 4 of the residents...) from the

med(ication) room. I was watching the dayroom the best I could.” Despite her efforts, an underage patient later reported he was pressured into performing a nonconsensual sex act on a peer in the dayroom.<sup>35</sup>

All of these examples are made even more troubling by the fact that the executives of Old Vineyard’s parent company, Universal Health Services, Inc. (UHS), have told investors that reducing staffing costs and keeping occupancy high helps the company stay profitable.<sup>36</sup> Salaries, wages and benefits are typically the largest costs in the behavioral health industry, yet in 2014 UHS cut staffing costs in its behavioral division to their lowest level in the last decade, with just 48.6% of revenue going to staff salaries, wages and benefits.<sup>37</sup> Further review of UHS’ financial reports show that from 2005 to 2013, facilities owned by UHS for more than a year have shown a decrease from the prior year in the percentage of revenue spent on salaries, wages and benefits.<sup>38</sup> However, cutting staff too low can be dangerous for patients and workers, as illustrated by the examples above.

All of these factors raise serious concerns about Old Vineyard’s, and its parent company’s, ability and willingness to provide the health manpower for the provision of its proposed services. Therefore, Old Vineyard does not conform to CON review criterion #7 and the applicant’s CON proposal should be denied.

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### **Quality of Care Breakdowns**

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*CON review criterion §131E-183(20):*

*(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.*

### **Quality of Care Breakdowns at UHS’ Old Vineyard**

Reviews of regulator inspections reveal alarming safety and quality of care failures at Old Vineyard’s existing facility. In the past several years, for example, the applicant facility has been cited by CMS (the Centers for Medicare and Medicaid Services) for “immediate jeopardy” violations, which are defined as “situation[s] in which the provider’s noncompliance with one or more requirements of [Medicare] participation has caused, or is likely to cause, serious injury, harm, impairment, or death to a resident.”<sup>39</sup>

In October 2009, CMS determined Old Vineyard posed “immediate jeopardy” to patients’ health and safety when nursing staff failed to supervise and assess a patient with a medical emergency. Even though a mental health worker repeatedly approached the nurses’ station for assistance with a patient who was seizing, vomiting, and complaining of severe head pressure, help did not arrive until 14 minutes later. There was no indication that a patient assessment was performed during or after the seizure, or that the patient was placed on seizure precautions following the event. Even after the CEO and the Clinical Services Director were notified of the incident, no internal investigation into the incident was conducted. The Clinical director also told CMS inspectors that she “didn’t see a cause for concern with the care that she observed ...”<sup>40</sup>

In May 2013, Old Vineyard was cited again for “immediate jeopardy violations” by CMS for failing to ensure the protection of patients’ right to be free from abuse. The violations relate to an incident in which a 250-pound staff member forced a 65-pound 12-year-old boy to the floor,

pinned him down with his knee and pressed on his head with his hand. Nurses heard the employee curse at the patient as he forcibly escorted him to the seclusion room and then blocked the doorway. One nurse said that she was not able to intervene to protect the child in the above incident because, “I am rarely able to leave our glass bubble (nursing station). We have 18 patients with one nurse...”<sup>41</sup>

Even when quality of care failures do not rise to the level of “immediate jeopardy,” they still place patients at risk. For example, CMS cited Old vineyard in October 2013 for failures in supervising and evaluating the care of patients after staff failed to notify a physician of critical laboratory results. In one case, test results showed that a patient’s ammonia levels reached a potentially critical level, but a physician was not notified of the result until 11 days later.<sup>42</sup>

### **Quality of Care Breakdowns at UHS North Carolina Facilities**

Further review of regulator inspections reveal an alarming number of quality of care failures at UHS’ North Carolina facilities, including inadequate treatment plans;<sup>43</sup> malfunctioning life-saving equipment;<sup>44</sup> poor staff training;<sup>45</sup> alleged physical<sup>46</sup> and sexual abuse;<sup>47</sup> improper restraint of patients;<sup>48</sup> and failures in maintaining an effective quality improvement program.<sup>49</sup>

One of UHS’ North Carolina facilities, the Keys of Carolina residential treatment facility in Charlotte, was reportedly closed by UHS amid regulatory scrutiny for quality issues. It was reported that before UHS voluntarily closed the facility in February 2013, the facility was facing a list of violations from the North Carolina Department of Health and Human Services and a \$6,000 administrative fine for violations of laws regarding the “protection from harm, abuse, neglect or exploitation” of patients. State officials said conditions in the facility were “found to be detrimental to the health and safety of the clients” and were in the process of revoking the facility’s license.<sup>50</sup>

Just a year earlier in March 2012, the Keys of Carolina residential treatment facility settled a lawsuit in which a former employee alleged that she was improperly fired for reporting patient care issues to the North Carolina Department of Social Services, the North Carolina Department of Labor, and the Occupational Safety and Health Administration. She alleged that she repeatedly raised issues with management about staff training levels, staff safety, client supervision and client safety. In response to the Plaintiff’s complaints and reports, the director of nursing and the facility manager allegedly accused the Plaintiff of creating power struggles, being negative, and being difficult. They also allegedly gave the Plaintiff false write-ups in order to create a pretext for firing her.<sup>51</sup>

### **Quality of Care Breakdowns at UHS facilities across the U.S.**

Old Vineyard is a subsidiary of Universal Health Services, Inc. (UHS),<sup>52</sup> the nation’s largest provider of inpatient behavioral health services operating 1 in 5 inpatient mental health beds<sup>53</sup> and nearly 200 behavioral health facilities across the nation.<sup>54</sup> As the largest provider of facility-based behavioral services, UHS sets the standard for quality of care. Unfortunately, that standard is unacceptably low, as evidenced by the care breakdowns at UHS’ North Carolina facilities.

It is highly alarming that these breakdowns in care are not isolated to North Carolina—breakdowns in care have been so serious at UHS facilities that regulators in Florida,<sup>55</sup> Virginia,<sup>56</sup> Massachusetts,<sup>57</sup> Pennsylvania,<sup>58</sup> Illinois,<sup>59</sup> and even North Carolina,<sup>60</sup> have found it necessary at

times to prohibit new admissions to UHS facilities. In 2011, the North Carolina Department of Health and Human Services (NCDHHS) removed more than 140<sup>61</sup> state wards from UHS' Pines Residential Treatment Facility in Virginia for, what NCDHHS spokesman Brad Deen called, "systemic safety and quality-of-care issues."<sup>62</sup> The NCDHHS cited multiple concerns over patient care, including sexual abuse allegations and incident reporting failures;<sup>63</sup> poor staff training; unsafe staff-to-resident ratios;<sup>64</sup> patient supervision lapses; and unlicensed staff.<sup>65</sup>

The serious care breakdowns at Old Vineyard demonstrate that quality care has not been provided in the past. Additionally, the extensive care breakdowns at the other facilities operated by Old Vineyard's parent company, UHS, raise serious concerns about their commitment in promoting safety and quality in the delivery of health care services to the populations entrusted in their care. For these reasons, the Old Vineyard does not conform to CON review criterion #20 or Policy Gen-3<sup>66</sup> and the applicant's CON proposal should be denied.

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### **Healthcare Value Maximization Failures: Federal Investigations**

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*CON review criterion §131E-183(21)(b):*

*21(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...."*

Policy Gen-3 in the 2015 State Medical Facilities Plan is applicable to this CON review. The policy states, in part, that "A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination...shall demonstrate how the project will... maximiz[e] healthcare value for resources expended..."<sup>67</sup> Health care value is defined as the maximum health care benefit per dollar expended;<sup>68</sup> or in other words, the cost effective use of resources for the delivery of health care services to North Carolinians. However, we are highly concerned that Old Vineyard's proposed project will not achieve this objective, given the fact that the facility, and its parent company, Universal Health Services, Inc. (UHS), are currently under investigation by federal authorities for potential civil and criminal fraud.<sup>69</sup>

Old Vineyard is part of a widening federal probe into its parent company, UHS, and 21 UHS facilities across the nation, by the U.S. Department of Justice Criminal Frauds Section and the U.S. Department of Health and Human Services Office of the Inspector General (OIG).<sup>70</sup> In late 2012, Old Vineyard received notification from the United States Department of Justice of its intent to proceed with an investigation following requests for documents. Several months later in February 2013, Old Vineyard was among the ten UHS facilities that were issued subpoenas from the OIG.<sup>71</sup>

UHS' Chief Financial Officer Steve Filton has spoken about the investigation into the company and its facilities. In a March 2013 call with investors, Filton was asked about the federal probe and acknowledged that the "trend in behavioral care has been to have these investigations focus on clinical practices. And I would say that the content of the subpoenas would suggest that's largely the focus here."<sup>72</sup> Filton said then he "couldn't predict" where the investigation would lead, but noted that "the government often pursues a technique in which they try and tie together what they perceive to be clinical issues and quality deficiencies then with an argument that a false claim has been filed because there is not adequate care."<sup>73</sup> Roughly two years after

that March 2013 call federal officials notified UHS that the civil aspect of the coordinated probe is a False Claims Act investigation.<sup>74</sup>

In a troubling development, UHS recently disclosed on March 31, 2015 that UHS, as a corporate entity, is facing a criminal fraud investigation by the U.S. Department of Justice.<sup>75</sup> Perhaps more alarming than the sheer number of facilities being investigated is the fact that UHS has disclosed an expansion in the ongoing investigation in eight of the last nine fiscal quarters, which suggests federal law enforcement continues to identify potential issues.<sup>76</sup> A criminal fraud investigation of the corporate entity controlling nearly 200 UHS facilities across the U.S., including Old Vineyard, is highly alarming and raises serious concerns about potentially widespread fraudulent activity.<sup>77</sup>

We believe that it is not in the state's best interest to permit Old Vineyard to add bed capacity when the facility is facing a False Claims investigation and its parent company, UHS, is facing a criminal fraud investigation.<sup>78</sup> Scarce health care resources, funded by taxpayers, should be spent on the highest quality and most cost effective services. This is especially true in how behavioral health care resources are spent, given the improved access to behavioral health care through the Affordable Care Act and state and federal mental health parity laws. As more North Carolinians gain access to these vital services, providers should deliver healthcare in accordance with the highest standards of quality and integrity. However, in light of these serious regulatory developments, Old Vineyard and UHS have demonstrated their failures in adhering to these standards. For these reasons, the applicant's CON proposal should be denied.

<sup>1</sup> Universal Health Services, Inc. (UHS) is a for-profit, publicly traded company and is the nation's largest provider of inpatient behavioral health services

<sup>2</sup> North Carolina Dept. of Health and Human Services Public Notice April 8, 2015-  
[http://www.ncdhhs.gov/dhsr/coneed/press\\_release/2015/04082015ovbh.pdf](http://www.ncdhhs.gov/dhsr/coneed/press_release/2015/04082015ovbh.pdf); Covington, Owen. "Winston-Salem behavioral health center planning 60-bed, \$14M expansion" Triad Business Journal. 25 Mar 2015.-  
<http://www.bizjournals.com/triad/news/2015/03/25/winston-salem-behavioral-health-center-planning-60.html?page=all>

<sup>3</sup> North Carolina 2015 State Medical Facilities Plan p390-1

<sup>4</sup> North Carolina 2015 State Medical Facilities Plan p388-89

<sup>5</sup> Review and analysis of regulator facility inspections, Medicare Cost Report data, UHS SEC company filings, and UHS investor presentation transcripts.

<sup>6</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/federal-regulators-found-facility-placed-seizure-patient-in-immediate-jeopardy-due-to-poor-medical-care/](http://uhsbehindcloseddoors.org/complaint_type/federal-regulators-found-facility-placed-seizure-patient-in-immediate-jeopardy-due-to-poor-medical-care/);  
[http://uhsbehindcloseddoors.org/complaint\\_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/](http://uhsbehindcloseddoors.org/complaint_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/)

<sup>7</sup> Sheldon, Linzi. "Psychiatric facility closing doors in February." 7 Dec 2012.-<http://www.wsocv.com/news/news/local/psychiatric-facility-closing-doors-february/nTQLR/>

<sup>8</sup> Cherkis, Jason. "Is DC Neglecting Neglect? Why the District keeps sending vulnerable kids to a troubled treatment facility." 27 May 2011.-<http://www.washingtoncitypaper.com/articles/40912/is-dc-neglecting-neglect/full/>;

Simpson, Elizabeth. "VA, NC act against home for troubled youths." 15 May 2011. The Virginian-Pilot-  
<http://hamptonroads.com/2011/05/va-nc-act-against-home-troubled-youths>

<sup>9</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3;  
UHS SEC Form 10K for the FY ending December 31, 2014, filed February 26, 2015.p35-36

<sup>10</sup> UHS SEC Form 10K for the FY ending December 31, 2014, filed February 26, 2015.p35-36

<sup>11</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2-3.

<sup>12</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2-3

<sup>13</sup> POLICY GEN-3:states that "A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. ...A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area." - *North Carolina 2015 State Medical Facilities Plan p47*

<sup>14</sup> POLICY PSY-1 states that beds in the state psychiatric hospitals used to serve short-term psychiatric patients may be relocated to community facilities through the certificate of need process. However, before beds are transferred out of the state psychiatric hospitals, services and programs shall be available in the community... Facilities proposing to operate transferred beds shall submit an application to the Certificate of Need Section of the North Carolina Department of Health and Human Services and commit to serve the type of short-term patients normally placed at the state psychiatric hospitals.- *North Carolina 2015 State Medical Facilities Plan p42*

<sup>15</sup> North Carolina Dept. of Health and Human Services Public Notice April 8, 2015-  
[http://www.ncdhhs.gov/dhsr/coneed/press\\_release/2015/04082015ovbh.pdf](http://www.ncdhhs.gov/dhsr/coneed/press_release/2015/04082015ovbh.pdf); Covington, Owen. "Winston-Salem behavioral health center planning 60-bed, \$14M expansion" Triad Business Journal. 25 Mar 2015.-  
<http://www.bizjournals.com/triad/news/2015/03/25/winston-salem-behavioral-health-center-planning-60.html?page=all>

<sup>16</sup> A psychiatric inpatient bed's service area is the catchment area for the LME-MCO (local management entities-managed care organizations) for mental health, developmental disabilities, and substance abuse services in which the bed is located. -North Carolina 2015 State Medical Facilities Plan p383-4

<sup>17</sup> The State Plan contains bed need projections for 2017- North Carolina 2015 State Medical Facilities Plan p391

<sup>18</sup> Comprised of Cumberland, Durham, Johnston, and Wake counties

<sup>19</sup> Comprised of Brunswick, Carteret, New Hanover, Onslow, and Pender counties

<sup>20</sup> North Carolina 2015 State Medical Facilities Plan p391

<sup>21</sup> North Carolina 2015 State Medical Facilities Plan p389

<sup>22</sup> The State Plan contains bed need projections for 2017- North Carolina 2015 State Medical Facilities Plan p390

<sup>23</sup> North Carolina 2015 State Medical Facilities Plan p390

<sup>24</sup> North Carolina 2015 State Medical Facilities Plan p388

<sup>25</sup> North Carolina 2015 State Medical Facilities Plan p390-1

<sup>26</sup> Review and analysis of regulator facility inspections, Medicare Cost Report data, UHS SEC company filings, and UHS investor presentation transcripts.

<sup>27</sup> Full time equivalents

<sup>28</sup> Freestanding inpatient psychiatric facility

<sup>29</sup> Analysis of Medicare Cost report data

<sup>30</sup> There were only 8 freestanding IPFs in North Carolina in 2011.

<sup>31</sup> There were only 8 freestanding IPFs in North Carolina in 2012.

<sup>32</sup> Statement of Deficiencies for Old Vineyard Behavioral Health. May 3, 2013;  
[http://uhsbehindcloseddoors.org/complaint\\_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/](http://uhsbehindcloseddoors.org/complaint_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/)

<sup>33</sup> Statement of deficiencies for Old Vineyard Behavioral Health. April 29, 2010;  
[http://uhsbehindcloseddoors.org/complaint\\_type/14-year-old-resident-sexually-assaulted-by-his-roommate-while-unsupervised/](http://uhsbehindcloseddoors.org/complaint_type/14-year-old-resident-sexually-assaulted-by-his-roommate-while-unsupervised/)

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<sup>34</sup> Statement of deficiencies for Old Vineyard Behavioral Health. November 4, 2009; [http://uhsbehindcloseddoors.org/complaint\\_type/old-vineyard-cited-for-understaffing-governance-and-emergency-care-deficiencies/](http://uhsbehindcloseddoors.org/complaint_type/old-vineyard-cited-for-understaffing-governance-and-emergency-care-deficiencies/)

<sup>35</sup> Statement of Deficiencies for Old Vineyard Behavioral Health. April 16, 2009; [http://uhsbehindcloseddoors.org/complaint\\_type/facility-failed-to-ensure-monitoring-of-patients-with-special-precautions-and-restrictions/](http://uhsbehindcloseddoors.org/complaint_type/facility-failed-to-ensure-monitoring-of-patients-with-special-precautions-and-restrictions/)

<sup>36</sup> UHS at RBC Capital conference. March 2, 2011. p.4.  
UHS at JP Morgan Conference. January 15, 2014. p.4.

<sup>37</sup> Data compiled from UHS SEC filings

<sup>38</sup> Data compiled from UHS SEC filings

<sup>39</sup> CMS State Operations Manual, Appendix Q-[https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap\\_q\\_immedjeopardy.pdf](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap_q_immedjeopardy.pdf), p2

<sup>40</sup> Statement of Deficiency for Old Vineyard Behavioral Oct 16, 2009-[http://uhsbehindcloseddoors.org/complaint\\_type/federal-regulators-found-facility-placed-seizure-patient-in-immediate-jeopardy-due-to-poor-medical-care/](http://uhsbehindcloseddoors.org/complaint_type/federal-regulators-found-facility-placed-seizure-patient-in-immediate-jeopardy-due-to-poor-medical-care/)

<sup>41</sup> Statement of Deficiency for Old Vineyard Behavioral May 3, 2013- [http://uhsbehindcloseddoors.org/complaint\\_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/](http://uhsbehindcloseddoors.org/complaint_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/)

<sup>42</sup> Statement of Deficiency for Old Vineyard Behavioral May 31, 2013 [http://uhsbehindcloseddoors.org/complaint\\_type/patients-critical-lab-results-not-reported-to-physician/](http://uhsbehindcloseddoors.org/complaint_type/patients-critical-lab-results-not-reported-to-physician/)

<sup>43</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/behavioral-clinical-interventions-left-out-of-treatment-plans/](http://uhsbehindcloseddoors.org/complaint_type/behavioral-clinical-interventions-left-out-of-treatment-plans/)

<sup>44</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/holly-hill-cited-for-failures-in-following-physician-orders-malfunctioning-equipment-and-food-sanitation-safety/](http://uhsbehindcloseddoors.org/complaint_type/holly-hill-cited-for-failures-in-following-physician-orders-malfunctioning-equipment-and-food-sanitation-safety/)

<sup>45</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/measures-to-protect-young-patients-from-sexual-misconduct-not-implemented-adult-patient-not-given-medication/](http://uhsbehindcloseddoors.org/complaint_type/measures-to-protect-young-patients-from-sexual-misconduct-not-implemented-adult-patient-not-given-medication/)

<sup>46</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/](http://uhsbehindcloseddoors.org/complaint_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/)

<sup>47</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/no-grievance-resolution-provided-following-teen-patients-sexual-assault/](http://uhsbehindcloseddoors.org/complaint_type/no-grievance-resolution-provided-following-teen-patients-sexual-assault/); [http://uhsbehindcloseddoors.org/complaint\\_type/14-year-old-resident-sexually-assaulted-by-his-roommate-while-unsupervised/](http://uhsbehindcloseddoors.org/complaint_type/14-year-old-resident-sexually-assaulted-by-his-roommate-while-unsupervised/); [http://uhsbehindcloseddoors.org/complaint\\_type/accusations-of-sexual-abuse-not-promptly-investigated/](http://uhsbehindcloseddoors.org/complaint_type/accusations-of-sexual-abuse-not-promptly-investigated/)

<sup>48</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/](http://uhsbehindcloseddoors.org/complaint_type/nurse-covering-18-patients-said-she-was-unable-to-intervene-to-stop-abuse/); [http://uhsbehindcloseddoors.org/complaint\\_type/9-year-old-patient-placed-in-restraint-and-seclusion-without-time-limits/](http://uhsbehindcloseddoors.org/complaint_type/9-year-old-patient-placed-in-restraint-and-seclusion-without-time-limits/)

<sup>49</sup> [http://uhsbehindcloseddoors.org/complaint\\_type/old-vineyard-cited-for-understaffing-governance-and-emergency-care-deficiencies/](http://uhsbehindcloseddoors.org/complaint_type/old-vineyard-cited-for-understaffing-governance-and-emergency-care-deficiencies/); [http://uhsbehindcloseddoors.org/complaint\\_type/measures-to-protect-young-patients-from-sexual-misconduct-not-implemented-adult-patient-not-given-medication/](http://uhsbehindcloseddoors.org/complaint_type/measures-to-protect-young-patients-from-sexual-misconduct-not-implemented-adult-patient-not-given-medication/)

<sup>50</sup> Sheldon, Linzi. "Psychiatric facility closing doors in February." 7 Dec 2012. -<http://www.wsocvtv.com/news/news/local/psychiatric-facility-closing-doors-february/nTQLR/>

<sup>51</sup> Teresa Weeks vs. Keystone Charlotte, LLC. United States District Court for the Western District of North Carolina. Case No. 3:11 CV 193 (filed April 18, 2011). Complaint - <http://uhsbehindcloseddoors.org/wp-content/uploads/1970/01/Weeks-v-UHS-complaint.pdf>; Dismissal - <http://uhsbehindcloseddoors.org/wp-content/uploads/1970/01/Weeks-v-UHS-dismissal.pdf>

<sup>52</sup> UHS Form 10-K for the year ending December 31, 2014. Filed Feb. 26, 2015. p.172 and p32

<sup>53</sup> UHS at Bank of America Merrill Lynch Leveraged Finance Conference. December 2, 2014. p.3.

<sup>54</sup> UHS Form 10-Q for the period ending September 30, 2014. Filed November 7, 2014. p.30.  
Percent of behavioral segment from U.S. military. UHS Q1 2014 Earnings Call. April 25, 2014. p.4.

<sup>55</sup> Heisig, Eric. "Admissions freeze put on Milton Girls Juvenile Residential Facility." Pensacola News Journal. December 15, 2012.- <http://www.pnj.com/article/20121215/NEWS11/312150021/Milton-Girls-Juvenile-Residential-Facility-under-admissions-freeze/AHCA> declared a three-week moratorium on admissions at the Vines Hospital from Feb 22, 2013 to March 14, 2013 [http://ahca.myflorida.com/MCHQ/CON\\_FA/Batching/pdf/10224.pdf](http://ahca.myflorida.com/MCHQ/CON_FA/Batching/pdf/10224.pdf), p2

<sup>56</sup> Bryant, Janie. "Va. cracks down on youth treatment center." The Virginian-Pilot. April 26, 2011 - <http://hamptonroads.com/2011/04/va-cracks-down-youth-treatment-center>

<sup>57</sup> "New curb on Brookline mental health hospital." The Boston Globe. November 26, 2013 - <http://www.bostonglobe.com/metro/2013/11/26/arbour/tlsXAMwvCkHZi4DS8iuddM/story.htm>

<sup>58</sup> "Meadows plans upgrades after inspection finds safety concerns." Centre Daily Times. May 22, 2011

<sup>59</sup> "Center for troubled girls will close, cites decision by DCFS," Chicago Tribune, January 28, 2015.

<sup>60</sup> Simpson, Elizabeth. "Portsmouth youth treatment center to regain full license." The Virginian-Pilot. 23 Aug 2011.- <http://hamptonroads.com/2011/08/portsmouth-youth-treatment-center-regain-full-license>;  
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<sup>62</sup> Cherkis, Jason. "Inside Rick Santorum-Linked Universal Health Services Facility." Huffington Post. 28 Jun 2011. - [http://www.huffingtonpost.com/2011/06/28/rick-santorum-uhs-facility\\_n\\_885010.html](http://www.huffingtonpost.com/2011/06/28/rick-santorum-uhs-facility_n_885010.html)

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<sup>63</sup> Simpson, Elizabeth. "VA, NC act against home for troubled youths." 15 May 2011. The Virginian-Pilot - <http://hamptonroads.com/2011/05/va-nc-act-against-home-troubled-youths#>

<sup>64</sup> Cherkis, Jason. "Is DC Neglecting Neglect? Why the District keeps sending vulnerable kids to a troubled treatment facility." 27 May 2011.-<http://www.washingtoncitypaper.com/articles/40912/is-dc-neglecting-neglect/full/>;

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<sup>66</sup> Cherkis, Jason. "Inside RickSantorum-Linked Universal Health Services Facility." Huffington Post. 28 Jun 2011. - [http://www.huffingtonpost.com/2011/06/28/rick-santorum-uhs-facility\\_n\\_885010.html](http://www.huffingtonpost.com/2011/06/28/rick-santorum-uhs-facility_n_885010.html)

<sup>66</sup> A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended.- North Carolina 2015 State Medical Facilities Plan p47

<sup>67</sup> North Carolina 2015 State Medical Facilities Plan p47

<sup>68</sup> North Carolina 2015 State Medical Facilities Plan p11

<sup>69</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3; UHS SEC Form 10K for the FY ending December 31, 2014, filed February 26, 2015.p35-36

<sup>70</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3; UHS SEC Form 10K for the FY ending December 31, 2014, filed February 26, 2015.p35-36

<sup>71</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3

<sup>72</sup> UHS Q4 2012 Earnings call 3/1/13

<sup>73</sup> UHS Q4 2012 Earnings call 3/1/13

<sup>74</sup> UHS 2014 Sec form 10K, p36

<sup>75</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3.

<sup>76</sup> Universal Health Services, Inc. Form 10-Q for the period ending March 31, 2013. Filed May 8, 2013. p. 12-13; Universal Health Services, Inc. Form 10-Q for the period ending June 30, 2013. Filed Aug. 8, 2013. p. 13 (June 2013 Coastal Harbor subpoena, July 2013 second subpoena for Wekiva Springs and River Point); Universal Health Services, Inc. Form 10-Q for the period ending September 30, 2013. Filed Nov. 7, 2013. p. 13 (DoJ Criminal Frauds section open investigation of River Point and Wekiva Springs); Universal Health Services, Inc. Form 10-K for the period ending December 31, 2013. Filed Feb. 27, 2014. p. 35 (Criminal frauds investigation extended to National Deaf Academy); Universal Health Services, Inc. Form 10-Q for the period ending March 31, 2014. Filed May 7, 2014. p. 12 (CIDs issued to National Deaf Academy, Hartgrove Hospital, Rock River Academy, and Streamwood Behavioral Health; payment suspension at River Point); Universal Health Services, Inc. Form 10-Q for the period ending September 30, 2014. Nov. 7, 2014. p. 13 (continued payment suspension at River Point; DoJ civil division expanded investigation to Arbour-HRI, Behavioral Hospital of Bellaire, St. Simons by the Sea, and Turning Point Care Center); Universal Health Services, Inc. Form 10-K for the period ending December 31, 2014. Filed Feb. 26, 2015. p. 36 (DoJ civil division included Salt Lake Behavioral Health in document request issued February 2013); Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 4/5.(Extended River Point payment suspension, OIG subpoenas at Central Florida and University Behavioral, UHS corporate included in DoJ criminal investigation). The preceding represents 8 of 9 most recent quarters of UHS operations.

<sup>77</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2-3

<sup>78</sup> Universal Health Services, Inc. Form 8-K. Filed March 31, 2015. p. 2,3; UHS SEC Form 10K for the FY ending December 31, 2014, filed February 26, 2015.p35-36