

**Novant Health Medical Park Hospital  
Comments in Opposition to North Carolina Baptist Hospital  
Certificate of Need Applications to Add ORs in  
Forsyth County  
August 1, 2020 CON Review Cycle**

**INTRODUCTION**

The 2020 State Medical Facilities Plan ("2020 SMFP") recognized a need for two operating rooms ("ORs") in Forsyth County. Three applicants have filed Certificate of Need ("CON") applications for ambulatory surgery centers ("ASCs") or additional ORs in response to the identified need including Project I.D. G-011910-20 Novant Health Medical Park Hospital ("NH Medical Park"). The other two applicants include:

- G-011914-20 Kernersville, LLC d/b/a Triad Surgery Center ("Triad") and The Moses H. Cone Memorial Hospital ("Cone Health"); and
- G-011915-20 North Carolina Baptist Hospital ("NCBH")

The identified areas of non-conformity of NCBH's application along with the comparative analysis set forth below reveal that NH Medical Park is the most effective applicant in this review and as such, should be approved.

**OVERVIEW**

NCBH proposes to add two additional ORs on its campus in order to accommodate what it purports as needed additional capacity due to its "intense inpatient services", lengthening case times, physician recruitment efforts, and the impact of COVID-19, as well as the growth and development of Forsyth County. However, these factors upon which NCBH bases its need are either unremarkable or unfounded. Specifically, NCBH's case times have gone down from FY 2018 to FY 2019. Further, all providers in Forsyth County, including NH Medical Park, are faced with the same responsibility to address the need for acute care driven by socioeconomic and health factors that impact Forsyth County communities.

It should be noted that in the settlement of the 2018 Forsyth County OR Review, NCBH received four ORs pursuant to Policy AC-3, which should address its claimed "intense inpatient services" needs. As an academic medical center, NCBH also plans to implement 7 outpatient ORs pursuant to Policy AC-3. Thus, NCBH is in the process of implementing 11 total ORs slated to be operational in FY 2025 in addition to its 40 existing ORs for a total of 51 ORs. Policy AC-3 exempts academic medical centers from the requirement to meet the need determinations in the SMFP. In other words, NCBH has the ability to add ORs to its campus whenever it chooses to do so as long as it meets the "unique academic needs" outlined in Policy AC-3. Any needs that NCBH claims it currently has within its system due to growth in inpatient services and physician recruitment should be met by its impending 11 additional ORs scheduled to come online at the same time as the 2 additional ORs proposed in this application.

While the current OR need methodology implies that NCBH generated the OR need in Forsyth County, NH Medical Park contends that the State's grouping method masks the true, tangible OR need of Novant

Health Forsyth County facilities. **In fact, all of Novant Health Forsyth County hospital-based ORs are more highly utilized than NCBH, and all Novant Health Forsyth County outpatient surgery centers are more highly utilized than NCBH's outpatient surgery center.** However, under the current methodology, it is likely that NCBH will always generate the numeric need for ORs, thereby failing to meet the needs of the overall healthcare delivery system in Forsyth County. It is well established that the entity that generated the need is not entitled to the CON; it must prepare an approvable application just like everyone else. As explained in these comments, NCBH failed to do so.

Most importantly, NH Medical Park contends that NCBH's projected utilization is unrealistic and unsupported. Even if NCBH's projections were well supported, which they are not, NCBH's utilization assumptions generate a need for four additional ORs in Project Year 3 in addition to the two ORs proposed in this application. If the purpose of proposed project was truly to meet NCBH's purported need, then the path of least resistance would have been for NCBH to apply for the additional ORs it claims it needs under Policy AC-3. The proposed project is an aggressive market share capture tactic launched by NCBH to prevent its competitors from obtaining much-needed additional OR capacity. This is further supported by the fact that NCBH projects less than 800 additional surgical cases per year and as much as \$2.7 million less net income in comparison to the surgical cases and net income projected in the approved CON Application for 11 additional ORs.

NH Medical Park will show that NCBH's application is riddled with unsupported, erroneous, or misconstrued information that render it non-conforming with the review criteria and performance standards. As such, NCBH cannot be approved as will be described in detail below.

## **NON-CONFORMITY WITH REVIEW CRITERIA**

### **Criterion (1) and Policy GEN-3**

NCBH should be found non-conforming with Criterion (1) because:

- If approved, the proposed project, slated to come online in FY 2025, will result in a delay in meeting the immediate surgical needs for Forsyth County which does not maximize healthcare value for resources expended. More detailed discussion related to the project timeline of each of these factors can be found below in NH Medical Park's comments concerning NCBH's non-conformity with Criterion (3). These same factors relate to NCBH's failure to meet Criterion (1). Judging from NCBH's failure to develop the 7 AC-3 ORs (CON granted in 2013 and project still not developed), even 2025 may be too optimistic for this applicant.
- NCBH does not adequately explain how its projected utilization incorporates the concept of maximum value for resources expended. NCBH's unsupported utilization projections, unnecessary duplication of services, and the availability of more effective cost-alternatives demonstrate that NCBH's project does not maximize resources for value. More detailed discussion of each of these factors can be found below in NH Medical Park's comments concerning NCBH's non-conformity with Criterion (3), Criterion (4), and Criterion (6), respectively. These same factors relate to NCBH's failure to meet Criterion (1).

- NCBH does not adequately demonstrate need for the proposed project. More detailed discussion regarding failure to establish need can be found below in NH Medical Park’s comments concerning NCBH’s non-conformity with Criterion (3). These same factors relate to NCBH’s failure to meet Criterion (1).

The proposed project does not maximize healthcare value for resources expended and is not an efficient use of healthcare resources and thus is not consistent with Policy GEN-3: Basic Principles and is non-conforming with Criterion (1).

### **Criterion (3)**

NCBH fails to demonstrate the need for its proposed project as required by Criterion (3) for several reasons, including unsupported and unrealistic utilization projections and important factors that have been disregarded or misrepresented in its application. These flaws include:

- Delay of the project implementation based on development of a separate OR project
- Failure to consider the fact that other Forsyth County providers are more highly utilized than Wake Forest facilities in Forsyth County
- Misleading information including unsupported claims of growth in inpatient services and lengthening case times
- Failure to document a need for the proposed project beyond the service area need
- Failure to provide supported and reasonable projected utilization assumptions

For these and other reasons detailed herein, NCBH fails to clearly document the specific need for the proposed project and provide reasonable and clearly documented utilization projections.

### Project Timeline is Delayed

According to its application, NCBH projects to implement the proposed two ORs after it relocates several of its existing ORs to a new patient tower. NCBH proposes that a portion of vacated space will be allocated to the proposed two additional ORs. Thus, NCBH’s project timeline for the two proposed ORs is delayed contingent upon the completion of NCBH’s new patient tower. NCBH projects that these two ORs will not come online until five years from now in FY 2025, compared to NH Medical Park’s projected FY 2023 start date. Should any unforeseen circumstance delay construction of the new patient tower, this would continue to delay the start of construction of the two proposed ORs.

The 2020 SMFP identifies the Projected Surgical ORs Required in 2022. If the two proposed ORs cannot be implemented until FY 2025 at the earliest and are contingent upon at least one other construction project, then it is clear that NCBH is not proposing to meet the existing need of Forsyth County residents. In fact, as will be established, the 11 ORs it was awarded pursuant to Policy AC-3 will meet the needs NCBH has identified throughout its application. Instead of meeting the immediate needs of additional OR capacity to better serve Forsyth County residents, NCBH’s project is a clear, strategic attempt to “use up” the need identified in the 2020 SMFP in order to prevent other providers from expanding access to care.

This is further evidenced by NCBH’s failure to demonstrate a need for the proposed project at its hospital as will be discussed below.

Forsyth County OR Utilization

First, NCBH refers to its immediate needs driven by its high utilization as justification for the proposed two additional ORs. NCBH notes that its utilization drove the need for the two additional ORs and that “no other healthcare system in Forsyth County has a need for additional ORs at this time” (NCBH’s CON Application, Section C, Page 24).

As discussed at length in NH Medical Park’s CON Application, the State’s OR Need Methodology masks the true need for additional OR capacity at Novant Health facilities in Forsyth County. In fact in FY 2019, all of Novant Health Forsyth County facilities are more highly utilized than Wake Forest Health facilities in Forsyth County. More specifically, NH Medical Park’s ORs were utilized at 102.5 percent of capacity in FY 2019 while NCBH’s ORs were utilized at 100.7 percent of capacity. It is clear that the State’s Methodology which groups NH Forsyth Medical, NH Clemmons, NH Hawthorne, and NH Kernersville together and holds the collective of these very different facilities to the same standard of 1,950 standard hours per ORs inadvertently masks the need for additional OR capacity throughout the Novant Health system in Forsyth County.

**FY 2019 Forsyth County OR Utilization as a Percent of Capacity**

	<b>Total Surgical Hours</b>	<b>Standard OR Hours Total</b>	<b>% Utilization</b>
Novant Health Medical Park Hospital	17,984	17,550	102.5%
Novant Health Forsyth Medical Center	32,772	31,590	103.7%
Novant Health Kernersville Medical Center	6,135	6,000	102.2%
Novant Health Clemmons Medical Center	7,951	7,500	106.0%
Novant Health Hawthorne Outpatient Surgery Center	6,946	5,248	132.4%
Novant Health Orthopedic Outpatient Surgery Center	2,441	2,624	93.0%
Novant Health Kernersville Outpatient Surgery Center	1,930	2,624	73.5%
<b>Novant Health Total</b>	<b>76,159</b>	<b>73,136</b>	<b>104.1%</b>
North Carolina Baptist Hospital	96,231	95,550	100.7%
Wake Forest Baptist Health Outpatient Surgery Center	2,250	3,936	57.2%
<b>Wake Forest Baptist Health Total</b>	<b>98,481</b>	<b>99,486</b>	<b>99.0%</b>
Piedmont Surgery Center	1,765	2,624	67.3%

Source: 2020 LRAs

Regardless, the 2018 Forsyth County OR Review findings notes that:

...The application process is not limited to the provider (or providers) that show a deficit and create the need for additional ORs. Any provider can apply to develop the four ORs in Forsyth County. Furthermore, it is not necessary that an existing provider have a deficit

of ORs to apply for more ORs. However, it is necessary that an applicant adequately demonstrate the need to develop its project, as proposed. (See 2018 Forsyth County OR Review, Page 169)

As will be established, regardless of who drove the published need for the two additional ORs in Forsyth County, NCBH did not adequately demonstrate the need to develop its project as proposed and therefore, its application should be denied.

## NCBH Inpatient Services and Case Times

Next, NCBH goes on to attempt to establish the need for the proposed project by citing its “intense inpatient services” and lengthening case times. As previously noted, NCBH is sitting on a stockpile of 11 AC-3 ORs, which should address its purported need for additional inpatient capacity. NCBH provides little to no analysis to support its claimed growth in specific inpatient OR services.

It is no coincidence that in its application, NCBH chose to present the trend in case times from FY 2017 – FY 2019 to support its claim of growing inpatient case times (see NCBH’s CON Application, Section C, Page 33). A closer look at the case time data from FY 2016-FY 2019 tells a different story. NCBH’s inpatient case times have decreased by at an annual rate of 0.5 percent from FY 2016 to FY 2019. See the table below. Additionally, both inpatient and outpatient case times have decreased from FY 2018 to FY 2019 by 2.4 percent and 0.2 percent, respectively.

**NCBH Surgical Case Times FY 2016-FY 2019**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>CAGR 2016-2019</b>	<b>% Change 2018-2019</b>
Inpatient Case Times (min)	238.9	233.8	241.5	235.6	-0.5%	-2.4%
Outpatient Case Times (min)	117.3	118.7	128.8	128.6	3.1%	-0.2%

*Source: NCBH LRAs*

Any institution-specific demand for additional ORs—driven by purported “growth” in utilization, case times, inpatient services, or otherwise— should be met by the 11 approved but not yet implemented AC-3 ORs at NCBH. While NCBH will likely attribute its decreasing case times to shift in case volume to Wake Forest Baptist Health Clemmons Outpatient Surgery Center (“WFBH OSC – Clemmons”), this only further supports the fact that NCBH will have more than enough capacity with the additional ORs its already been awarded along with the continued shift of outpatient cases to WFBH OSC - Clemmons. Demand for additional capacity beyond the already approved 11 AC-3 ORs is not supported by NCBH’s erroneous claims of growing inpatient services nor its declining case times.

### Area Need for OR Services in Forsyth County

After attempting to establish a need for additional ORs at its facility, NCBH sites several general factors it claims establishes the need for its project, including:

- Physician recruitment
- The Impact of COVID
- Forsyth County population growth and economic development

NH Medical Park agrees with NCBH that all of these factors impact the need for additional OR services in Forsyth County. However, none of these factors is specific to a need for OR services at NCBH. For example, on Page 31 of its application, NCBH discusses that its community health needs assessment (“CHNA”) reveals the following recommended healthcare initiatives:

1. Access to care
2. Chronic disease management
3. Maternal and child health

None of these factors relate to the demand for surgery. NCBH goes on to state that the “addition of the proposed two operating rooms is an important component of NCBH’s action plan to address these needs.” Similarly, Novant Health developed a CHNA which reveals similar community needs and a plan to address such needs in Forsyth County:

1. Chronic Diseases with a Focus on Physical Activity
2. Oral Health (0 to 5 years)
3. Sexual Health
4. Maternal and Infant Health

Thus, the addition of the proposed two operating rooms is also an important component in Novant Health’s action plan to address these needs just as much as it is an important component for NCBH. In other words, NCBH’s initiative to improve the health of Forsyth County residents is not unique; it is a shared goal and responsibility of all providers in Forsyth County.

NH Medical Park acknowledges that there are many socioeconomic and population demographic factors that impact the need for expanded access to healthcare services, including surgical services, in Forsyth County. However, it is the applicant’s duty to prove a need for its specific project beyond the general service area need. NCBH fails to establish this specific need for its proposed project.

NCBH’s Projected OR Utilization

As previously discussed, NCBH was approved for an additional 11 AC-3 ORs. NCBH received a CON for seven of these AC-3 ORs in 2013, and later received a CON for another four AC-3 ORs in 2019. The table below provides a comparison of the projected utilization for NCBH’s existing ORs and the 11 approved ORs as presented in its 2018 Application (Project ID# G-11519-18) and its proposed project in this review.

**NCBH 2018 Application Projected Utilization vs. 2020 Application Projected Utilization**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
NCBH 2018 Application Projected Surgical Cases	34,147	34,489	34,834
NCBH 2020 Application Projected Surgical Cases	34,929	35,251	35,576
<b>Incremental New Cases</b>	<b>782</b>	<b>762</b>	<b>742</b>

*Source: Project ID# G-11519-18; NCBH 2020 CON Application, Section Q, Page 116*

NCBH projects an incremental 782 cases in Year 1, 762 cases in Year 2, and 742 cases in Year 3 for two proposed ORs. It is unclear why NCBH would apply for two additional ORs for less than 800 additional surgical cases per year. The truth is that there is no need for additional ORs at NCBH beyond the 11 already under development; the proposed project is simply a strategic attempt to use up the OR need and prevent other providers from expanding access to surgical services for Forsyth County residents.

Not only does NCBH fail to demonstrate a need for its proposed project, but also its projected utilization is riddled with inconsistencies and inappropriate assumptions that render it unrealistic. First, NCBH presents its historic utilization and annualizes its July 2019 – March 2020 data as a baseline for its projections. On Page 113 of its application, NCBH establishes its reasoning for annualizing July 2019-March 2020 data, stating, “NCBH did not use data beyond March due to anomalous impact of COVID-19 pandemic”; however, narrative on pages 35-36 of NCBH’s application indicates that additional ORs are needed since COVID-related testing and guidelines are reducing capacity of ORs. These two references to the impact of COVID seem contradictory with one indicating COVID-19 is an anomaly in the short-term volumes and the other indicating it has long-term effects as to capacity.

Regardless, it is important to note that while annualization of existing data is a standard practice, COVID-19 impacted surgical volume for all providers at least for FY 2020. NCBH clearly had data available for FY 2020 beyond March 2020 and chose not to include this data based on the impact of COVID-19 on surgical volume. This is particularly important because of the significant projected increase in surgical volume from FY 2019 to FY 2020 annualized.

**NCBH Historical OR Utilization**

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020*</b>
IP Surgical Cases	14,214	14,534	14,392	14,460	14,271	15,141
OP Surgical Cases	19,549	19,925	20,000	19,786	18,753	18,422
OP Surgical Cases + OSC	19,549	19,925	20,000	19,964	19,880	20,163
Total IP + OP Surgical Cases (NCBH)	33,763	34,459	34,392	34,246	33,024	33,563
Total IP + OP Surgical Cases (NCBH + OSC)	33,763	34,459	34,392	34,424	34,151	35,304

Source: NCBH CON Application, Section C, Page 34

\*Annualized July 2019 - March 2020

**NCBH Historical CAGR**

	<b>FY 2015 - FY 2019</b>	<b>FY 2016 - FY 2019</b>	<b>FY 2017 - FY 2019</b>	<b>FY 2015- FY 2020</b>
IP Surgical Cases	0.1%	-0.6%	-0.4%	1.3%
OP Surgical Cases	-1.0%	-2.0%	-3.2%	-1.2%
OP Surgical Cases + OSC	0.4%	-0.1%	-0.3%	0.6%
Total IP + OP Surgical Cases (NCBH)	-0.6%	-1.4%	-2.0%	-0.1%
Total IP + OP Surgical Cases (NCBH + OSC)	0.3%	-0.3%	-0.4%	0.9%

In the 2018 Forsyth County OR Review Findings, the analyst determined that using different time periods for NH Forsyth’s growth rate (2012-2017 and 2014-2017) resulted in inconsistencies between the historical growth over time and the projected growth rate used by NH Forsyth. Similarly, the three historical time periods shown in the table above are all inconsistent with NBCH projected growth rates. This coupled with the fact that the estimated FY 2020 annualized data is unrealistic considering the impact of COVID-19, NH Medical Park contends that NCBH’s projected growth rate is unsupported by historical trends.

Additionally, across all time historical time periods presented above, NCBH’s inpatient case volume has either experienced a decline or held fairly constant. NCBH’s outpatient historical cases have decreased



consistently across all historical time periods as presented. NCBH blames shift from NCBH to other facilities; however, earlier in its application, it sites consistent growth in inpatient services as a demonstration of need for the proposed project. Specifically, NCBH states that cardiac surgery and abdominal organ transplant volume continues to grow but provides no data to support this growth and is not requesting open heart ORs (NCBH CON Application, Section C, Page 34). NCBH also cites growth in the da Vinci XI robot utilization, but again, does not provide any data to support this growth (NCBH CON Application, Section C, Page 34). Even for the Wake Forest Health System in Forsyth County as a whole (NCBH and WFBH OSC - Clemmons combined), there has been a decline in utilization over the most recent historical time periods of FY 2016 to FY 2019 (-0.3 percent) and FY 2017 to FY 2019 (-0.4 percent). The bottom line is there is no information provided quantitatively or otherwise that supports NCBH's narrative of significant growth in surgical services.

On page 35 of its application, NCBH present a table with its active surgeon users showing an increase in the number of physicians from FY 2016 to FY 2020. NCBH contends that it is recruiting more physicians which supports the need for additional ORs. However, as previously stated NCBH has 11 AC-3 ORs that have not yet come online. Any recruiting efforts could certainly be accommodated by these additional 11 AC-3 ORs.

In summary, NCBH's projected utilization is unsupported and unrealistic based on the fact that:

- Case times are down from FY 2018 to FY 2019;
- NCBH actual OR utilization data is trending downward; and
- NCBH inappropriately bases its growth rates on unrealistic FY 2020 annualized data which does not take into consideration the impact of COVID-19.

NH Medical Park completed an analysis of NCBH's OR need based on the SMFP OR Need Methodology and the following assumptions:

- Apply all the applicant's adjustments for volume shifts within the Wake Forest Health System
- Use the most recent case times publicly available (FY 2019)
- Apply the growth rate from FY 2015-FY 2019 which is the most positive growth rates of all of the time periods presented in the table above

<b>SMFP Operating Room Methodology</b>								
<b>North Carolina Baptist Hospital Projected OR* Deficit / Surplus(-)</b>								
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
IP Surgical Cases	15,141	15,156	15,171	15,187	15,202	15,217	15,232	15,247
Avg IP Case Time	235.6	235.6	235.6	235.6	235.6	235.6	235.6	235.6
OP Surgical Cases	18,422	17,884	17,386	16,966	16,592	16,421	16,251	16,083
Avg OP Case Time	128.6	128.6	128.6	128.6	128.6	128.6	128.6	128.6
Total Adjusted Estimated Surgical Hours	98,938	97,844	96,836	95,996	95,255	94,947	94,643	94,343
Standard Hours/OR	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Projected Surgical ORs Required	50.74	50.18	49.66	49.23	48.85	48.69	48.54	48.38
Adjusted Planning Inventory	49	49	49	49	49	51	51	51
Projected OR Deficit	1.74	1.18	0.66	0.23	(0.15)	(2.31)	(2.46)	(2.62)

NCBH has a need for 48 ORs in Project Year 3 not the 51 ORs it proposes (including the 11 AC-3 ORs awarded and excluding trauma/burn ORs). Even if NCBH’s FY 2018 case times are used, the additional two ORs that are proposed are not needed.

SMFP Operating Room Methodology								
North Carolina Baptist Hospital Projected OR* Deficit / Surplus(-) with 2018 Case Times								
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
IP Surgical Cases	15,141	15,156	15,171	15,187	15,202	15,217	15,232	15,247
Avg IP Case Time	241.5	241.5	241.5	241.5	241.5	241.5	241.5	241.5
OP Surgical Cases	18,422	17,884	17,386	16,966	16,592	16,421	16,251	16,083
Avg OP Case Time	128.8	128.8	128.8	128.8	128.8	128.8	128.8	128.8
Total Adjusted Estimated Surgical Hours	100,488	99,394	98,386	97,546	96,805	96,498	96,195	95,896
Standard Hours/OR	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Projected Surgical ORs Required	51.53	50.97	50.45	50.02	49.64	49.49	49.33	49.18
Adjusted Planning Inventory	49	49	49	49	49	51	51	51
Projected OR Deficit	2.53	1.97	1.45	1.02	0.64	(1.51)	(1.67)	(1.82)

Despite NH Medical Park’s contention that FY 2020 data is inflated due to NCBH’s unrealistic assumptions, the analysis above assumes that the FY 2020 numbers are appropriate and uses FY 2020 as the baseline for the projections. Had NH Medical Park used FY 2019 as a baseline for the projected growth, it would show an even higher surplus of ORs.

NCBH’s projections for its outpatient surgery center, WFBH OSC-Clemmons, are also unrealistic.

- Unreasonable growth rates: Similar to NCBH, WFBH OSC-Clemmons’ growth rates are based on FY 2020 annualized data which excludes data during COVID-19. The impact of COVID-19 is particularly significant for outpatient surgery centers which likely stopped performing surgical cases altogether during the height of the pandemic.
- NCBH compared the projected significant growth at WFBH OSC-Clemmons from FY 2020 to FY 2027 (8.43 percent CAGR and 2.6 percent CAGR after project implementation) to Piedmont Outpatient Surgery Center’s (POSC) growth FY 2012 to FY 2020; however:
  - POSC is a single-specialty ASC with significantly lower surgical times than projected by WFBH OSC-Clemmons which results in more case volume; and
  - POSC’s utilization flattened out over time.

**Piedmont Surgery Center OR Utilization FY 2012-FY 2019**

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015-FY 2020 CAGR
761	1,930	1,968	2,224	2,514	2,327	2,385	2,353	1.4%

Source: 2014 - Proposed 2021 SMFP

- NCBH also stated that its projections were lower for WFBH-OSC – Clemmons than it was in its 2018 application, however:

- NCBH projected lower case times in its 2018 Application than it projects in its 2020 Application (68.6 min vs. 86.8 min.); and
- The growth rate in the 2018 application was 1 percent, not 2.6 percent.
- The projected shift from NCBH to WFBH-OSC-Clemmons appears to be arbitrary, varying from 1.9 percent of NCBH’s OP Cases in FY 2021 to 1.0 percent of NCBH’s OP Cases in FY 2024. While this variance is small, the fact that there appears to be no rhyme or reason to the proposed shift calls into question the reliability of such assumptions and its impact on the need for the additional two ORs at NCBH.

**NCBH Projected Shift to WFBH OSC - Clemmons**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
NCBH Projected OP Surgical Cases	18,536	18,651	18,767	18,833
NCBH OP Cases Shift to OSC-C	348	313	240	198
% of OP cases Shifted to OSC-C	1.9%	1.7%	1.3%	1.1%

*Source: NCBH CON Application, Section Q, Page 115*

- NCBH only projects a shift from NCBH to WFBH OSC-Clemmons through FY 2024. With a lower price point of an ASC in comparison to hospital-based surgical services, it is likely that patients will continue to shift from NCBH to WFBH OSC-Clemmons over time.

NCBH’s status as a quaternary provider and an academic medical center does not supersede its responsibility to prove the need for its project. Most importantly, NCBH’s growth rate relies *solely* on annualized FY 2020 numbers which will likely not be achieved. NCBH fails to demonstrate the need for its proposed project as required by Criterion (3) for several reasons, including unsupported and unrealistic utilization projections as detailed herein. Thus, its project should be denied.

**Criterion (4)**

NCBH dismisses the most obvious cost-effective alternative than the proposed project – maintain the status quo. NCBH claims that it cannot maintain the status quo because “NCBH’s inpatient and ambulatory surgical case volume projects to grow, along with long inpatient and outpatient case times.” (NCBH CON Application, Section E, Page 53). NCBH’s claims are simply not true. As previously established, NCBH’s historical surgical case volume has either held steady or declined over the past several years. NCBH’s case times have also declined from FY 2018 to FY 2019. NCBH acknowledges the decline and attempts to dismiss it, stating, “Even though during the past few years, NCBH has shifted some outpatient and complex inpatient surgical cases to other WFBH facilities, total combined surgical cases at NCBH has exceeded 33,000 annually.” (NCBH CON Application, Section C, Page 34). With 40 operational ORs, it is not extraordinary to perform 33,000 surgical cases annually. Further, the 11 approved but not yet implemented ORs, will more than accommodate such volumes.

NCBH could have considered continuing to shift volume to other WFBH facilities, especially WFBH OSC – Clemmons which was only using 57.2 percent of its capacity in FY 2019. It is no coincidence that NCBH projects very little shift from NCBH to WFBH OSC – Clemmons over a short period of time. NCBH could

have also considered applying for additional capacity under Policy AC-3. NCBH fails to address these less costly and/or more effective alternatives.

Finally, NCBH does not effectively establish that the alternative proposed in this application is the most effective alternative to meet the identified need because the application does not adequately document its projected utilization, financial feasibility, or financial accessibility as documented in other sections of this document.

Based on these issues, NCBH should be found non-conforming with Criterion (4).

**Criterion (5)**

As previously discussed, NCBH’s utilization projections are not supported, and the assumptions are not reasonably documented. This calls into question the reasonableness of NCBH’s utilization projections, which in turn raises concerns about the reasonability of NCBH’s financial projections. Further, NCBH’s financial projections have multiple inconsistencies, unclear assumptions, and missing information as will be discussed below.

Revenues and Net Income

NCBH projects its inpatient and outpatient gross revenue separately and then combines them for presentation purposes on Form F.2. NH Medical Park attempted to confirm NCBH’s gross revenue using its assumptions as presented in Section Q using the following steps:

- Step 1: Multiply the total IP case volume by payor mix assumptions for each payor type
- Step 2: Multiply the resulting case volume for each payor by the average IP gross revenue per surgical case
- Step 3: Sum the average IP gross revenue for each payor type to get the total gross IP revenue
- Step 4: Repeat Steps 1-3 for Outpatient Gross Revenue
- Step 5: Sum the total gross IP revenue and the total gross OP Revenue

The steps above result in the following gross revenue by payor for the first three full fiscal years of operation:

NCBH Total Gross Revenue by Payor FY 2025-FY 2027						
	FY2025		FY2026		FY2027	
	Gross Revenue	% of Total	Gross Revenue	% of Total	Gross Revenue	% of Total
Self-Pay	\$ 166,230,636.34	6.3%	\$ 169,740,533.81	6.3%	\$ 173,513,641.48	6.3%
Medicare	\$ 1,055,477,370.46	40.0%	\$ 1,077,947,618.09	40.0%	\$ 1,101,968,933.35	40.0%
Medicaid	\$ 445,415,827.68	16.9%	\$ 454,473,209.32	16.9%	\$ 464,462,476.92	16.9%
Insurance	\$ 909,193,257.72	34.4%	\$ 927,442,283.58	34.4%	\$ 947,749,471.16	34.4%
Workers Compensation	\$ 6,199,490.30	0.2%	\$ 6,341,495.83	0.2%	\$ 6,486,073.46	0.2%
TriCare	\$ 6,199,490.30	0.2%	\$ 6,341,495.83	0.2%	\$ 6,486,073.46	0.2%
Other (other gov't)	\$ 51,662,419.20	2.0%	\$ 52,845,798.55	2.0%	\$ 54,050,612.18	2.0%
<b>TOTAL</b>	<b>\$ 2,640,378,492.00</b>	<b>100.0%</b>	<b>\$ 2,695,132,435.00</b>	<b>100.0%</b>	<b>\$ 2,754,717,282.00</b>	<b>100.0%</b>

The total gross revenue for each year presented in the table above which was developed using NCBH's own assumptions do not align with the total gross revenue presented in Form F.2.

**NCBH Total Gross Revenue: Financial Assumptions vs. Form F.2**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Total Gross Revenue from Financial Assumptions	\$2,640,378,492	\$2,695,132,435	\$2,754,717,282
Total Gross Revenue from Form F.2	\$2,640,424,791	\$2,696,966,059	\$2,754,737,513
Difference	<b>\$(46,299)</b>	<b>\$(1,833,624)</b>	<b>\$(20,231)</b>

NCBH's total gross revenue as presented in Form F.2 appears to be overstated by \$46,299 in Year 1, \$1.8 million in Year 2, and \$20,231 in Year 3. This difference is far too large to be attributed to rounding, particularly for Year 2. The cause of this discrepancy is unknown; however, it is the responsibility of the applicant to provide the necessary assumptions to show the accuracy and reasonability of all assumptions. NCBH's financial assumptions are, at best, unclear.

Additionally, NCBH's charity care assumptions are inconsistent. These inconsistencies will be discussed in detail in NH Medical Park's written comments in opposition in regard to Criterion (13) below. These same factors relate to NCBH's failure to meet Criterion (5).

Operating Expenses

Similar to the Revenues and Net Income assumptions, NCBH provides little to no detail in regard to its operating expenses. In general, NCBH only provides the 2019 financials and projects those into the future. There is no language around how the expenses were determined or allocated. NCBH states that the source of its financial assumptions is NCBH Finance but does not state if these are based on actual 2019 expenses. Thus, many of NCBH's financial assumptions are unclear.

NCBH projects depreciation and amortization as a variable of the number of cases performed which is not how depreciation is general calculated in the hospital setting. More specifically, on the financial assumptions page for direct operating expenses, NCBH simply takes the depreciation for FY 2019, divides it by the number of cases for FY 2019 to get the dollars of depreciation per case and then inflates this dollar amount by three percent year over year. It is acknowledged that NCBH uses straight-line method to depreciate the construction costs, medical equipment, and capitalized fees and then adds the total depreciation associated with this project to the total direct and indirect depreciation projected for the full OR department. However, this does not negate the fact that the method used to determine the projected depreciation attributed to direct operating expenses is not a common accounting method for calculating depreciation of hospital-based assets and therefore, may not be accurately calculated.

Additionally, NCBH did not attribute any expenses for Dietary, Housekeeping/Laundry, Equipment Maintenance, and Building & Grounds Maintenance, or Utilities. One reason NCBH might argue that expenses such as dietary and housekeeping/laundry are not included in operating expenses is because such expenses are associated with the inpatient stay, not the OR department. However, with an average

inpatient charge of over \$130,000 projected for Project Year 3 (FY 2027), it is quite likely that the projected charges include the full inpatient stay. If this is the case, then dietary and housekeeping/laundry expense most certainly should be included as an operating expense. It should also be noted that NCBH projected housekeeping staff FTEs in Form H but allocates no expenses to housekeeping/laundry. Alternatively, NCBH might argue that these expenses are included in the direct and/or indirect operating expenses; however, this is never explicitly stated in the assumptions. Instead of providing the detail called for in the State’s Form F.3, NCBH creates its own operating expenses categories with no information provided as to what, specifically, is included in these broad categories.

The Impact of Other NCBH OR Projects on Financial Performance

It is unclear if NCBH has consider the financial impact of the new patient tower and 11 AC-3 approved ORs in its projections. All of NCBH’s operating expenses, both direct and indirect, are simply inflated by 3 percent from FY 2019 through the third full fiscal year with no significant increase in operating expenses attributed to the time period in which the approved AC-3 11 ORs and the proposed two additional ORs are slated to come online (FY 2025). With the relocation of vast majority of its ORs, the major renovations required for the vacated space to accommodate the 11 approved but not yet implemented ORs, and the two proposed ORs, operating expenses should increase significantly. This is particularly true for the time period from FY 2024 to FY 2025 (Project Year 1). As the table below shows, this is not the case.

**NCBH OR Operating Expense FY 2024 - FY 2025**

	<b>FY 2024</b>	<b>FY 2025</b>	<b>% Change</b>
Medical Supplies	\$219,168,288	\$227,822,656	3.9%
Other Expenses (Direct Purchased Services)	\$21,685,818	\$22,541,900	3.9%
Other Expenses (Other Direct)	\$6,238,919	\$6,485,210	3.9%
Other Expenses (Direct Depr & Amort)	\$12,793,197	\$13,912,383	8.7%
Other Expenses (Indirect Salaries/Benefits)	\$115,993,826	\$119,473,641	3.0%
Other Expenses (Indirect Supplies)	\$59,184	\$60,959	3.0%
Other Expenses (Indirect Purchased Serv)	\$59,952,847	\$61,751,433	3.0%
Other Expenses (Other Indirect)	\$37,978,510	\$39,117,866	3.0%
Other Expenses (Indirect Depr & Amort)	\$36,172,544	\$37,257,720	3.0%
Other Expenses (Indirect Financing Cost)	\$10,309,981	\$10,619,280	3.0%

*Source: NCBH Form F.2*

It is clear that NCBH’s operating expenses are significantly understated or perhaps the additional 11 ORs are not considered in the financials for this project at all. When comparing the financials presented in NCBH’s 2018 CON Application for the OR department including the existing 40 ORs and proposed and now approved 11 ORs to the financials presented in NCBH’s 2020 CON Application for the OR department including existing 40 ORs, the approved 11 ORs, and the proposed 2 ORs, there appears to be no correlation between the two applications at all. See the comparison tables below.

**NCBH OR Financials from 2018 Application (existing ORs + add'l 11 ORs)**

	FY 2025	FY 2026	FY 2027
Surgical Cases	34,147	34,489	34,834
Gross Revenues (Charges)	\$ 3,212,431,050	\$ 3,406,843,703	\$ 3,612,931,253
Contractual Adjustments*	\$ 2,399,758,372	\$ 2,560,438,339	\$ 2,731,345,280
Total Net Patient Revenue	\$ 812,672,679	\$ 846,405,364	\$ 881,585,974
Average Net Revenue per Case	\$ 23,799	\$ 24,541	\$ 25,308
Other Revenue	\$ 9,296,421	\$ 9,389,385	\$ 9,483,279
Total Revenue	\$ 821,969,099	\$ 855,794,749	\$ 891,069,252
Total Operating Expense	\$ 549,930,681	\$ 567,201,798	\$ 585,209,070
Average Operating Expense per Case	\$ 16,105	\$ 16,446	\$ 16,800
Net Income	\$ 272,038,418	\$ 288,592,951	\$ 305,860,182

Source: 2018 Forsyth OR Review Findings

\*Includes Charity Care and Bad Debt

**NCBH OR Financials from 2020 Application (existing ORs + approved 11 ORs + 2 Proposed ORs)**

	FY 2025	FY 2026	FY 2027
Surgical Cases	34,929	35,251	35,576
Gross Revenues (Charges)	\$ 2,640,424,791	\$ 2,696,966,059	\$ 2,754,737,514
Contractual Adjustments*	\$ 2,011,037,511	\$ 2,053,950,987	\$ 2,097,795,534
Total Net Patient Revenue	\$ 629,387,280	\$ 643,015,072	\$ 656,941,980
Average Net Revenue per Case	\$ 18,019	\$ 18,241	\$ 18,466
Other Revenue	\$ -	\$ -	\$ -
Total Revenue	\$ 629,387,280	\$ 643,015,072	\$ 656,941,980
Total Operating Expense	\$ 577,226,172	\$ 597,473,780	\$ 618,448,439
Average Operating Expense per Case	\$ 16,526	\$ 16,949	\$ 17,384
Net Income	\$ 52,161,108	\$ 45,541,292	\$ 38,493,541

Source: NCBH Form F.2 and Form F.3

\*Includes Charity Care and Bad Debt

**NCBH OR Financials: Difference between 2018 Application & 2020 Application**

	FY 2025	FY 2026	FY 2027
Surgical Cases	782	762	742
Gross Revenues (Charges)	(\$572,006,259)	(\$709,877,644)	(\$858,193,739)
Contractual Adjustments	(\$388,720,861)	(\$506,487,352)	(\$633,549,746)
Total Net Patient Revenue	(\$183,285,399)	(\$203,390,292)	(\$224,643,994)
Average Net Revenue per Case	(\$5,780)	(\$6,300)	(\$6,842)
Other Revenue	(\$9,296,421)	(\$9,389,385)	(\$9,483,279)
Total Revenue	(\$192,581,819)	(\$212,779,677)	(\$234,127,272)
Total Operating Expense	\$27,295,491	\$30,271,982	\$33,239,369
Average Operating Expense per Case	\$421	\$503	\$584
Net Income	(\$219,877,310)	(\$243,051,659)	(\$267,366,641)

It appears that the addition of the two proposed ORs is projected to generate less revenue, more operating expenses, less net income than if NCBH did not apply for the proposed two ORs at all. If the financial performance of the existing 40 ORs and the approved 11 ORs are included in the financials presented in Section Q, then it simply does not make any sense why NCBH would apply, particularly for an incremental volume increase of less than 800 surgical cases each year and incremental net income “loss” of as much as \$2.7 million. On the other hand, if the revenue and expenses associated with the approved 11 ORs are not considered in the financials as presented in Section Q, then NCBH’s financials are severely understated. Either way, there is a serious problem with NCBH’s financials.

In summary, NCBH’s lack of detailed explanations for its financial assumptions, apparent inconsistencies, and expenses unaccounted for call into question the validity of the financial assumptions and financial feasibility of the proposed project.

Based on these issues, NCBH should be found non-conforming with Criterion (5).

### **Criterion (6)**

As described above, the proposed project will inevitably result in unnecessary duplication of existing health service capabilities. NCBH has more than enough available capacity which the implementation of its awarded 11 AC-3 ORs scheduled to come online in FY 2025. Further, despite NCBH’s claims otherwise, its OR utilization is historically trending downward. This is important because NCBH claims its need is based primarily on an increase in OR utilization and increasing case times.

NCBH does not adequately demonstrate that the two additional ORs it proposes to develop in Forsyth County are needed in addition to the existing and approved ORs in Forsyth County operated by WFBH. Thus, it is clear that NCBH’s project is a duplication of existing services and should be found non-conforming with Criterion (6).

### **Criterion (7)**

NCBH provides either an incorrect or mislabeled staffing form in Section Q which states that it is staffing for NCBH Acute Care Beds. For the sake of argument, NH Medical Park will assume that NCBH’s staffing form is simply mislabeled. Nonetheless, NCBH provides no assumptions whatsoever for its staffing; thus, there is no way to determine the assumptions that impact the projected staffing and thereby the reasonability of the projected staffing. For example, NCBH projects a 3.1 percent increase in salaries from FY 2019 to FY 2020 and then a 4 percent increase each year from FY 2021 for every other interim year and the from PY 1 to PY 3. There may be a reasonable explanation for this variance; however, without any explanation of assumptions, there is no way to know.

Based on these issues, NCBH should be found non-conforming with Criterion (7).



**Criterion (13)**

In Section L, Page 91 of its application, NCBH presents the projected Year 3 payor mix for the OR service component. However, there is a discrepancy between the charity care as presented in Section L and Form F.2. In Section L, NCBH states that charity care represents 2.3 percent of IP surgical cases and 2.6 percent of OP surgical cases for a total charity care of 2.5 percent. However, when the percent of charity care patients according to Form F.2 is compared to the percent of charity care patients according to Section L, significant discrepancies become apparent.

**NCBH Charity Care: Form F.2 vs. Section L**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Charity Care Patients	2,710	2,769	2,829
Total Patients	34,929	35,251	35,576
<b>% Charity Care Patients (Form F.2)</b>	<b>7.8%</b>	<b>7.9%</b>	<b>8.0%</b>
<b>% Charity Care Patients (Section L)*</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

*Source: NCBH Financial Assumptions; Form F.2; NCBH CON Application, Section L, Page 91*

\*NCBH presented % charity care for IP and OP. Total % Charity Care = (IP charity Care % X # of IP Cases + OP Charity Care % X # of OP Cases)/Total Number of Patients

G.S. 131E-183(a)(13)(d) requires that the Applicant show 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”. Due to the discrepancies between how charity care is presented in Section L and how charity care is presented in Form F.2, it is unclear the extent to which medically underserved individuals will actually be expected to utilize the proposed surgical services. Accordingly, NCBH should be found non-conforming with Criterion (13).

**Criterion (18a)**

NCBH’s CON application will not enhance competition in the service area nor will it have a positive impact upon cost-effectiveness, quality, and access. NCBH highlights its commitment to value-based care, its quality measures, and its high OR utilization, but NCBH is not unique in this fact. Novant Health, too, is dedicated to value-based care, employs intensive quality measures, and actually has a higher OR utilization than NCBH. Further, as previously discussed at length, NCBH’s OR utilization is declining. In fact, the OR utilization across the entire WFBH system in Forsyth County has been declining from FY 2015 to FY 2019 across all time periods.

As previously stated, when NCBH’s projected utilization is adjusted using appropriate and reasonable assumptions, it becomes clear that NCBH has ample capacity with the approved 11 ORs. Because there is no need for the two additional ORs at NCBH, the proposed project represents a duplication of existing services without enhancing access to care. Additionally, the proposed two ORs will not be implemented until NCBH relocates 38 of its existing ORs to a new patient tower; thus, the ORs are not projected to come

online until FY 2025. This results in a delay of access to surgical services for the residents of Forsyth County who need expanded access to surgical services in the immediate future.

Based on these issues, NCBH's application should be found non-conforming with Criterion (18a).

### **FAILURE TO MEET PERFORMANCE STANDARDS**

NCBH's flawed projections result in failure to meet the Performance Standards that apply to the specific NCBH project and the WFBH-affiliated operating rooms as a system as demonstrated below. 10A NCAC 14C .2103 sets the criteria and standards for surgical services and operating rooms. As such, 10A NCAC 14C .2103(a) states that:

*An applicant proposing to increase the number of operating rooms (excluding dedicated C-section operating rooms) in a service area shall demonstrate the need for the number of proposed operating rooms in addition to the existing and approved operating rooms in the applicant's health system in the applicant's third full fiscal year following completion of the proposed project based on the Operating Room Need Methodology set forth in the 2018 State Medical Facilities Plan. The applicant is not required to use the population growth factor.*

As previously discussed, NCBH fails to establish the need for the number of proposed operating rooms in addition to the existing and approved operating rooms in its health system. NCBH cites its growing OR utilization and lengthening case times as a specific need for additional ORs at NCBH; however, NH Medical Park has established that NCBH's OR utilization has been decreasing over time, and its case times have actually decreased from FY 2018 to FY 2019. The utilization of the entire WFBH health system in Forsyth County is also declining. All other factors NCBH used to demonstrate need are not specific to NCBH.

The 11 AC-3 ORs NCBH was awarded and has yet to implement are sufficient to meet its OR demand. Further, with ample available capacity at WFBH OSC – Clemmons, NCBH can continue to shift outpatients to its outpatient surgery center where appropriate. NCBH fails to meet the Performance Standards and should be denied.

### **COMPARATIVE ANALYSIS**

Pursuant to N.C. Gen. Stat. § 131E-183(a)(1) and the 2020 SMFP, there is a need for two additional ORs in Forsyth County; thus, although there are three identified applicants, only one can be approved in this review. It is clear that the applications of both MC Kernersville, LLC d/b/a Triad Surgery Center ("Triad") and North Carolina Baptist Health ("NCBH") contain major flaws, particularly with respect to Criterion (3), that should result in denial of both applications. Therefore, there should be no need for a comparative review. Nonetheless, NH Medical Park has provided the following comparative review between the three applicants.

## Conformity with Applicable Statutory and Regulatory Review Criteria

As previously stated, the Triad and NCBH applications are not conforming with all applicable statutory and regulatory review criteria for reasons discussed throughout NH Medical Park’s Comments in Opposition. Therefore, the applications submitted by Triad and NCBH are not effective alternatives with respect to this comparative. Regardless, NH Medical Park has prepared the following comparative analysis.

NH Medical Park is conforming with all applicable statutory and regulatory review criteria. Therefore, the applications submitted by NH Medical Park is the most effective alternative with respect to conformity with statutory and regulatory review criteria.

## Project Timeline

The table below highlights several items from each applicant’s project timelines. NCBH proposes to offer services two years later than Triad and NCBH. This is due to the timeline of another OR project which must be completed before the two proposed ORs can be implemented as discussed in NH Medical Park’s written comments in opposition. NH Medical Park and Triad project similar services offered dates; however, because Triad does not provide equipment timelines for ordering, installation, or operational periods, its timeline is neither complete nor accurate. Therefore, NH Medical Park is the most effective alternative in regard to this comparative factor.

**Project Timelines**

	<b>NH Medical Park</b>	<b>NCBH</b>	<b>Triad</b>
Financing Obtained	NA	2/1/2021	NA
Construction / Renovation Completed	4/28/2022	6/1/2024	4/1/2022
Equipment Ordered	12/29/2021	1/1/2024	NA
Equipment Installed	4/21/2022	5/1/2024	NA
Equipment Operational	5/18/2022	6/15/2024	NA
Building / Space Occupied	6/2/2022	6/15/2024	5/1/2022
Licensure Obtained	6/16/2022	NA	6/1/2022
<b>Services Offered (required)</b>	<b>7/1/2022</b>	<b>7/1/2024</b>	<b>6/1/2022</b>
Medicare and/or Medicaid Certification Obtained	NA	NA	7/15/2022
Facility or Service Accredited	NA	NA	10/15/2022

*Source: Section P for each applicant*

## Geographic Accessibility

Winston-Salem, Kernersville, and Clemmons are the three population centers in the county. Located near the center of Forsyth County, Winston-Salem is identified as a city and has an estimated 2019 population of 247,945<sup>1</sup>. Kernersville, located on the eastern Forsyth/Guilford county line, is identified as a town and has an estimated 2019 population of 24,660<sup>2</sup>. Lastly, Clemmons, located in southwestern Forsyth County, is considered a village with an estimated 2019 population of 20,867<sup>3</sup>.

<sup>1</sup> <https://www.census.gov/quickfacts/winstonsalemcitynorthcarolina>

<sup>2</sup> <https://www.census.gov/quickfacts/kernersvilletownnorthcarolina>

<sup>3</sup> <https://www.census.gov/quickfacts/clemmonsvillagenorthcarolina>

Triad proposes to develop new ORs in Kernersville. NCBH and NH Medical Park both propose to develop new ORs in Winston-Salem.

The table below lists the existing and approved Forsyth County ORs by location, facility name, and type of OR. It should be noted that all Forsyth County ORs are located in one of the three population centers within the county: Winston-Salem, Kernersville, and/or Clemmons.

**Existing and Approved Forsyth County ORs (According to the 2020 SMFP)**

		IP ORs	OP ORs	Shared ORs	C-Sec / Trauma / Burn	CON Adjust- ments	Total ORs
Winston-Salem	NH FMC Main	5		15	-2		18
	NH Hawthorne Outpatient Surgery		4				4
	NH Medical Park Hospital			10			10
	NH Orthopedic Outpatient Surgery		2				2
	NCBH	4		36	-2	11	49
	Piedmont Outpatient Surgery Center		2				2
	Traid Center for Surgery					2	2
	<b>Total Winston-Salem ORs</b>	<b>9</b>	<b>8</b>	<b>61</b>	<b>-4</b>	<b>13</b>	<b>87</b>
Kernersville	NH Kernersville Medical Center			4			4
	NH Kernersville Outpatient Surgery		2				2
	<b>Total Kernersville ORs</b>	<b>0</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>6</b>
Clemmons	NH Clemmons Medical Center			5			5
	NH Clemmons Outpatient Surgery Center					2	2
	Clemmons Medical Park Ambulatory Surgery Center		3				3
	<b>Total Clemmons ORs</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>10</b>
<b>Total Forsyth County ORs</b>		<b>9</b>	<b>25</b>	<b>70</b>	<b>-4</b>	<b>15</b>	<b>103</b>

Source: 2020 SMFP

Notes: NH Orthopedic Outpatient Surgery closed in October 2019, and these ORs were transferred to Clemmons Outpatient Surgery Center (Project ID #G-11300-17). NH Forsyth was awarded 2 ORs during a settlement agreement (Project ID #G-11517-18).

The three population centers in Forsyth County, Winston-Salem, Kernersville, and Clemmons, include 77% of the county's total population. The following table compares the number of ORs in the three areas with the 2019 estimate of the total population in each location and the resulting OR deficit or surplus by area.

	2019 Population Estimate	Percent of Total County Population Centers	OR Need Based on % Population	# of Existing/ Approved ORs	OR Deficit/ Surplus (- )
Winston-Salem	247,945	84.5%	89	87	2
Kernersville	24,660	8.4%	9	6	3
Clemmons	20,867	7.1%	7	10	-3
Total Population Centers*	293,472	100%	105	103	2

Source: [www.census.gov/quick facts](http://www.census.gov/quick facts); 2020 SMFP

\*Total Population Center population represents 77.3% of the total Forsyth County Population

As shown by the table above, Winston-Salem has a deficit of two ORs, Kernersville has a deficit of 3 ORs, and Clemmons has a surplus of three ORs, which results in a need for two ORs in Forsyth County as a whole.

Socioeconomic level is another geographic comparison for each of the population centers. The following table provides the percent of persons living in poverty for each area.

**Percent of Persons in Poverty, 2019**

	<b>Percent of Population</b>
Winston-Salem	21.70%
Kernersville	14.20%
Clemmons	7.20%

*Source: www.census.gov/quick facts*

Note that Winston-Salem has the highest percentage of persons living in poverty in 2019 (21.7 percent), followed by Kernersville (14.2 percent), and then Clemmons (7.2 percent).

While Kernersville shows a slightly higher deficit of ORs (three ORs) than Winston-Salem (two ORs), Winston-Salem clearly has a higher percentage of persons living in poverty than any of the other population centers. Thus, based on the demographics of the three population centers in Forsyth County and the existing OR inventory, Winston-Salem is the most effective location for new ORs, followed by Kernersville, with Clemmons being the least effective location.

NH Medical Park and NCBH proposed to develop new ORs in Winston-Salem. Triad proposes to develop new ORs in Kernersville. Therefore, based on the proposed location for each applicant’s project, the applications submitted by NH Medical Park and NCBH are the more effective proposals; the application submitted by Triad being the least effective alternative based on its proposed location.

**Physician Support**

All applicants document adequate physician support of their proposed projects. Therefore, with regard to the demonstration of physician support, the proposals are equally effective.

**Expanding Access to Forsyth County Residents**

MC Kernersville, LLC, proposes to develop Triad Surgery Center on the Guilford/Forsyth County line in Kernersville. Triad proposes to serve a significantly smaller percent of patients from Forsyth County than the other applicants. Triad admits throughout its application that the purpose of its project is to serve the patients being referred from its pool of nine in-network physician practices. Of these nine referring practices, seven are located within Guilford County. Further, Triad states that the purpose of its proposed ASC is to expand access for members of its ACO to seek outpatient surgical services within its network of providers. The purpose of the need published in the 2020 SMFP is to increase access for patients of Forsyth County. This provider would not improve access for Forsyth County residents.

Novant Health, Inc., the parent organization of Medical Park Hospital, Inc., serves Forsyth County residents by providing surgical services at the following existing and approved facilities in Forsyth County:

- Novant Health Forsyth Medical Center
- Novant Health Medical Park Hospital
- Novant Health Clemmons Medical Center
- Novant Health Kernersville Medical Center
- Novant Health Clemmons Outpatient Surgery Center
- Novant Health Kernersville Outpatient Surgery Center
- Novant Health Hawthorne Outpatient Surgery Center

North Carolina Baptist Health serves Forsyth County residents by providing surgical services at the following existing and approved facilities in Forsyth County:

- North Carolina Baptist Hospital
- Wake Forest Baptist Health Outpatient Surgery Center

The table below summarizes each applicant’s projected patient origin by county for the third fiscal year of each project. As shown, NH Medical Park projects to serve more patients from within Forsyth County than either of the other two applicants. NCBH and Triad project to serve a similar percentage of patients from Forsyth County. However, NCBH, as a regional referral center also projects a wide service area with the most patients coming from all other North Carolina counties. As discussed in detail in response to Criterion (3) in NH Medical Park’s Opposition Statement to Triad, Triad failed to correctly document patient origin by combining the patient origin of Forsyth and Guilford Counties together for its definition of the Town of Kernersville. Without knowing the exact patient origin by county, Triad proposes to serve less than 35 percent of patients from Forsyth County including Kernersville ZIP codes that extend into Guilford County. When estimated based on the split of Kernersville population between Forsyth and Guilford County, however, it can be reasonably assumed that Triad proposes to serve less than 23 percent of patients from Forsyth County and over 65 percent of its patients from Guilford County alone.

**Projected Patient Origin - Third FFY**

	<b>NH Medical Park</b>	<b>NCBH</b>	<b>Triad</b>
Forsyth	50.8%	25.9%	22.2%
Guilford*	-	10.3%	65.5%
Other NC	46.8%	54.6%	-
All Other**	2.4%	9.3%	12.3%

*Source: Projected Patient Origin Tables*

*\* NH Medical Park projects Guilford patients within its "Other NC Counties" bucket which includes 52 other counties and makes up 13.6% of projected patients*

*\*\*Triad does not split out Other NC Counties and Other States*

Thus, in regard to increasing access to surgical services for Forsyth County residents, NH Medical Park is the most effective alternative as it is focused on serving Forsyth County residents and proposes to serve the most Forsyth County residents. NCBH is the next best alternative because it projects to serve more patients from Forsyth County than Triad, despite its historical tendency to pull patients from across the

state due to its provider status. Triad primarily projects to serve patients from Guilford County and therefore is clearly not an effective alternative to meet the OR need identified in Forsyth County.

### Patient Access to Lower Cost Surgical Services

Currently, there are 103 existing and approved ORs in Forsyth County (excluding two dedicated C-Section and two Trauma/Burn ORs). Surgical services can be provided in either an outpatient or inpatient setting under a hospital license or in an outpatient setting licensed as an ASC that does not operate under a hospital license. The NC CON Section has recognized that many but not all outpatient surgical services can be either performed in a hospital licensed operating room or in a non-hospital licensed operating room or ASC. Because of the full comprehensive, 24/7 care provided in the acute care setting, the cost of services in a hospital licensed operating room is often higher than that of a non-hospital licensed ASC which provides limited services and standard hours of operation. It is important to consider that, along with inpatient surgical services, there are some outpatient surgical services that must be performed in a hospital setting. This is especially true for medically complex patients.

The table below provides the Forsyth County Surgical Cases by Setting and Facility according to the 2020 LRAs of Forsyth County providers.

FY 2019 Forsyth Surgical Cases by Setting and Facility

Facility	Type of OR	Inpatient	Ambulatory (Outpatient)	Total	Percent Inpatient	Percent Ambulatory
NH - Forsyth Main	Hospital Inpatient/Shared	7,367	5,672	13,039	56.5%	43.5%
NH - Kernersville	Hospital Shared	1,161	1,983	3,144	36.9%	63.1%
NH - Clemmons	Hospital Shared	1,763	1,617	3,380	52.2%	47.8%
NH - Medical Park	Hospital Shared	814	8,616	9,430	8.6%	91.4%
NCBH	Hospital Inpatient/Shared	14,271	18,753	33,024	43.2%	56.8%
POSC	ASC	-	2,353	2,353	0.0%	100.0%
WFBH-OSC	ASC	-	1,125	1,125	0.0%	100.0%
NH - Hawthorne OP	Hospital Ambulatory	-	8,286	8,286	0.0%	100.0%
NH - Orthopedic OP	Hospital Ambulatory	-	1,961	1,961	0.0%	100.0%
<b>Total</b>		<b>25,376</b>	<b>50,366</b>	<b>75,742</b>	<b>33.5%</b>	<b>66.5%</b>

Source: 2020 LRAs

In FY 2019, 33.5 percent of all surgical services were provided in the inpatient setting, while 66.5 percent were provided in the ambulatory setting. Note that because POSC was a demonstration project, those two ORs are included in the inventory for Forsyth County, but are not included in the 2020 SMFP's need determination calculation.

The following table provides the FY 2019 surgical cases performed by Forsyth County providers according to the care setting.

**FY 2019 Forsyth County Providers' Surgical Cases by Setting**

<b>Setting</b>	<b>% of Total</b>
Hospital	
Inpatient	33.5%
Outpatient	48.4%
ASC	4.6%
Hospital Ambulatory	13.5%
<b>Total</b>	<b>100.0%</b>

*Source: 2020 LRAs*

It is clear that despite the fact that a majority of surgical cases performed in Forsyth County are performed on an outpatient basis, most of these are performed in the hospital outpatient setting. Because Triad proposes an ASC which is inherently less costly than the hospital setting, Triad would be more effective than NCBH and NH Medical Park by this comparative factor. However, In the State’s findings related to the 2018 Durham County OR Review, the analyst noted that this comparative factor may be of little value (See 2018 Durham County OR Review, Project ID #'s: J-11626-18 and J-11631-18, Page 78). This is likely due to the varied nature of the needs of individual patients which impact the most appropriate care setting.

Moreover, there are two freestanding ASCs approved but either newly operational (Clemmons Outpatient Surgery Center) or not yet operational (Triad Center for Surgery affiliated with OrthoCarolina). These ASCs will accommodate additional growth in demand for freestanding ASC services. Triad Center for Surgery was approved pursuant to the need recognized in the 2018 SMFP. Thus, to accommodate the demand for hospital services including inpatient and more complex patient surgery, it is important to consider the need for additional hospital-based surgery services in regard to the 2020 SMFP need determination to balance OR access by setting. For this reason, although Triad offers the lower cost setting due to its status as a proposed ASC, NH Medical Park and NCBH are more effective in terms of balancing the need for hospital-based and freestanding ASC settings.

**Patient Access to Multiple Services**

The following table illustrates the surgical specialties (as defined on the North Carolina Hospital License Renewal Application) that the individual CON applicants in this review propose to provide:

<b>Proposed Services to be Offered</b>			
<b>Specialty and Related Sub-specialties</b>	<b>NH Medical Park (IP and OP)</b>	<b>Triad (OP only)</b>	<b>NCBH (IP and OP)</b>
Cardiothoracic, excluding Open Heart			X
Open Heart*			
General Surgery	X	X	X
Neurosurgery, including Spine Surgery	X	X	X
Obstetrics and Gynecology, excluding C-Section	X	X	X



Ophthalmology	X	X	X
Oral Surgery /Dental	X		
Orthopedic, including Spine Surgery	X	X	X
Otolaryngology (ENT)	X	X	X
Plastic Surgery	X	X	X
Podiatry		X	X
Urology	X	X	X
Vascular			X
Other:			
Pain Management	X		

Source: G-011914-20 Triad Surgery Center Section Q Form C Assumptions; 2019 LRAs

\*Note per NCBH's 2019 LRA, it does not have dedicated open heart surgery ORs.

NH Medical Park and NCBH are existing acute care hospitals offering a full continuum of care. Thus, as shown in the table above, NH Medical Park and NCBH propose access to a broad range of specialties. In comparison, Triad proposes to develop a separately licensed ASC with two ORs. Each applicant proposes to offer adequate access to multiple specialties; however, NH Medical Park and NCBH offer access to a broader range of specialties and are more effective alternatives than Triad. Moreover, it should be noted that there are significant flaws in the utilization projection methodology presented by Triad that call into question the volume of cases by specialty as projected. NH Medical Park and NCBH are most effective under this comparative factor.

**Access by Underserved Groups**

Projected Charity Care

The following table shows each applicant's projected charity care to be provided in the project's third full operating year.

**Surgical Charity Care, PY 3**

	<b>As a percent of Gross Revenue</b>	<b>As a percent of Surgical Cases</b>
NH Medical Park	1.9%	2.2%
NCBH*	N/A	2.5%
Triad	1.5%	N/A

Source: Form F.2 for each applicant; 2020 LRAs

\*NCBH provides total self-pay write offs including charity care. NCBH's projected charity care in Section L does not align with its projected charity care in Form F.2.

Note that both NCBH and NH Medical Park project to hold their FY 2019 payor mix constant through Project Year 3. In Form F.2, both Triad and NH Medical Park project charity care as a percent of gross revenue. However, NCBH projects charity care as a percent of surgical cases.

NH Medical Park projects more charity care than Triad when comparing charity care as a percent of gross revenue. NCBH projects more charity care than NH Medical Park when comparing charity care as a percent of surgical cases; however, as previously discussed, NCBH’s charity care projections are inconsistent between Section L and Form F.2.

Due to differences in the methods used by each applicant to project charity care, it is not possible to make conclusive comparisons with regard to Charity Care. However, it appears that Triad projects a lower percent of charity care than any other provider. As discussed in relation to Criterion (5) and (13), NCBH’s payor mix and write offs by payor cannot be reconciled in relation to the assumptions provided. Based on all of these factors including quantitative and non-quantitative, NH Medical Park is the most effective alternative.

Projected Medicare

The following table provides each applicant’s projected Medicare as a percent of gross revenue in the applicants’ third full fiscal year of operation following completion of their projects (PY3). The information provided is based on each applicant’s Section Q pro forma financial statements. In general, the application proposing to serve the higher percent of total surgical cases to Medicare patients is the more effective alternative with regard to this comparative factor.

**Surgical Medicare as a Percent of Gross Revenue, PY 3**

	<b>Medicare Gross Revenue</b>	<b>Total Gross Revenue</b>	<b>% of Total</b>
NH Medical Park	\$ 95,524,760	\$ 224,376,276	42.6%
NCBH*	\$ 1,101,978,436	\$ 2,754,737,513	40.0%
Triad	\$ 4,023,399	\$ 12,146,623	33.1%

*Source: Form F.2 for each applicant*

*\*Note: NCBH Medicare revenue cannot be reconciled with assumptions of payor mix by patients/case volume.*

NH Medical Park projects that 42.6 percent of its gross revenue will be Medicare recipients. NCBH projects that 40 percent of its gross revenue will be Medicare recipients. Finally, Triad projects that 33.1 percent of its gross revenue will be Medicare recipients. In addition, as noted previously, there appears to be inconsistencies with NCBH’s projected gross revenue which render it impossible to confirm. Thus, the application submitted by NH Medical Park is the most effective application with regard to serving Medicare recipients.

Projected Medicaid

The following table provides each applicant’s projected Medicaid as a percent of gross revenue in the applicants’ third full fiscal year of operation following completion of their projects (PY3). The information provided is based on each applicant’s Section Q pro forma financial statements. In general, the application proposing to serve the higher percent of total surgical cases to Medicaid patients is the more effective alternative with regard to this comparative factor.

**Surgical Medicaid as a Percent of Gross Revenue, PY 3**

	<b>Medicaid Gross Revenue</b>	<b>Total Gross Revenue</b>	<b>% of Total</b>
NH Medical Park	\$ 9,384,260	\$ 224,376,276	4.2%
NCBH*	\$ 464,465,454	\$ 2,754,737,513	16.9%
Triad	\$ 137,248	\$ 12,146,623	1.1%

*Source: Form F.2 for each applicant*

*\*Note: NCBH Medicaid revenue cannot be reconciled with assumptions of payor mix by patients/case volume.*

NH Medical Park projects that 4.2 percent of its gross revenue will be Medicaid recipients. NCBH projects that 16.9 percent of its gross revenue will be Medicaid recipients. Finally, Triad projects that 1.1 percent of its gross revenue will be Medicaid recipients. Due to differences in service lines and care settings, it is not possible to make conclusive comparisons with regard to Medicaid recipients. However, while it seems that NCBH is the most effective alternative for this comparative factor, as noted in NH Medical Park’s Written Comments in Opposition to NCBH, there appears to be inconsistencies with NCBH’s projected gross revenue which render it impossible to confirm. Thus, the application submitted by NH Medical Park is the most effective application with regard to serving Medicaid recipients.

Projected Self-Pay

The following table provides each applicant’s projected self-pay as a percent of gross revenue in the applicants’ third full fiscal year of operation following completion of their projects (PY3). The information provided is based on each applicant’s Section Q pro forma financial statements. In general, the application proposing to serve the higher percent of total surgical cases to self-pay patients is the more effective alternative with regard to this comparative factor.

**Surgical Self-Pay as a Percent of Gross Revenue, PY 3**

	<b>Self-Pay Gross Revenue</b>	<b>Total Gross Revenue</b>	<b>% of Total</b>
NH Medical Park	\$5,345,775	\$ 224,376,276	2.4%
NCBH	\$ 173,515,068	\$ 2,754,737,513	6.3%
Triad	\$ 179,839	\$ 12,146,623	1.5%

*Source: Form F.2 for each applicant*

NH Medical Park projects that 2.4 percent of its gross revenue will be self-pay. NCBH projects that 6.3 percent of its gross revenue will be Medicaid self-pay. Finally, Triad projects that 1.5 percent of its gross revenue will be self-pay. While it seems that NCBH is the most effective alternative for this comparative factor, as noted in NH Medical Park’s Written Comments in Opposition to NCBH, there appears to be inconsistencies with NCBH’s projected gross revenue which render it impossible to confirm. Further, Triad explicitly states that it assumes that charity care is equal to gross revenue for self-pay. It does not appear that all applicants have defined self-pay the same way. Due to differences in the methods used by each applicant to project self-pay gross revenue, it is not possible to make conclusive comparisons with regard to projected self-pay. However, it appears that Triad is not the most effective alternative.

### Projected Average Net Revenue per Case

The following table shows the projected average net surgical revenue per OR and per surgical case in the third year of operation for each of the applicants, based on the information provided in the applicants' pro forma financial statements. In general, the application proposing the lowest average net revenue is the more effective alternative with regard to this comparative factor.

**Revenue per OR and per Surgical Case, PY3**

	<b>Net Revenue</b>	<b># of ORs</b>	<b># of Cases</b>	<b>Net Revenue/OR</b>	<b>Net Revenue/Case</b>
NH Medical Park	\$101,255,263	12	10,693	\$8,437,939	\$9,469
Triad	\$6,462,116	2	1,809	\$3,231,058	\$3,572
NCBH	\$656,941,979	51	35,576	\$12,881,215	\$18,466

*Source: Form F.2 for each applicant*

Triad projects the lowest average net expense per surgical case and per OR in the third operating year, NH Medical Park projects the second lowest, and NCBH projects the highest net revenue. As noted in the 2018 Forsyth County OR Review findings, this comparative factor may be of little value. Further, all three applicants vary significantly in the types of services proposed which inevitably impacts net revenue. Lastly, because Triad will solely operate as an outpatient surgery center, it cannot accurately be compared against the other applicants, which are medical centers. Thus, due to significant differences in facility types and the number and types of surgical services proposed by facilities, it is not possible to make conclusive comparisons with regard to net revenue per case.

### Projected Average Operating Expense per Case

The following table compares the projected average operating expense in the third year of operation for each of the applicants, based on the information provided in the applicants' pro forma financial statements. Generally, the application proposing the lowest average operating expense is the more effective alternative with regard to this comparative factor.

**Operating Expense per OR and Surgical Case  
PY3**

	<b>Operating Expense</b>	<b># of ORs</b>	<b># of Cases</b>	<b>Operating Expense/OR</b>	<b>Operating Expense/Case</b>
NH Medical Park	\$70,853,346	12	10,693	\$5,904,446	\$6,626
Triad	\$4,889,692	2	1,809	\$2,444,846	\$2,703
NCBH	\$618,448,439	51	35,576	\$12,126,440	\$17,384

*Source: Form F.3 for each applicant*

Triad projects the lowest average operating expense per surgical case and per OR in the third operating year, NCBH projects the second lowest, and NCBH projects the highest operating expense. However, as noted in the 2018 Forsyth County OR Review findings, this comparative factor may be of little value. Further, all three applicants vary significantly in the types of services proposed which inevitably impacts operating expenses. Thus, due to differences in facility types and the number and types of surgical services proposed by facilities, it is not possible to make conclusive comparisons with regard to net revenue per case.

## Summary

The following is a summary of the comparative analysis performed on the proposed projects, ranking the proposals based on effectiveness for each comparative factor herein. As discussed at length throughout the written comments in opposition, NH Medical Park contends that neither Triad nor NCBH are conforming with all applicable statutory and regulatory review criteria. Thus, technically, the aforementioned comparative factors do not apply to Triad and NCBH, and NH Medical Park is the most effective alternative. Nonetheless, NH Medical Park has provided the summary of the comparative factors for all applicants.

As noted in the 2018 Forsyth County OR Review findings, due to significant differences in the types of surgical facilities (acute care quaternary teaching medical center vs acute care tertiary medical center vs ASC), types of surgical services to be offered (higher acuity vs lower acuity), number of total operating rooms (two vs as many as 49, excluding trauma/burn ORs), total revenues and expenses, and the differences in presentation of pro forma financial statements, the comparatives may be of less value and result in less than definitive outcomes than if all applications were for like facilities of like size, proposing like services, and reporting in like formats.

<b>Comparative Factor</b>	<b>NH Medical Park</b>	<b>NCBH</b>	<b>Triad</b>
Conformity with Review Criteria	Yes	No	No
Project Timeline	Most Effective	Least Effective	Less Effective
Geographic Accessibility	More Effective	More Effective	Less Effective
Physician Support	Equally Effective	Equally Effective	Equally Effective
Expanding Access to Forsyth County Residents	Most Effective	Less Effective	Least Effective
Patient Access to Lower Cost Surgical Services	Less Effective	Less Effective	More Effective
Patient Access to Multiple Services	More Effective	More Effective	Less Effective
Access by Underserved Groups: Charity Care	More Effective	Inconclusive	Less Effective
Access by Underserved Groups: Medicare	More Effective	Inconclusive	Less Effective
Access by Underserved Groups: Medicaid	More Effective	Inconclusive	Less Effective
Access by Underserved Groups: Self-Pay	More Effective	Inconclusive	Less Effective
Projected Average Net Revenue per Case	Inconclusive	Inconclusive	Inconclusive
Projected Average Operating Expense per Case	Inconclusive	Inconclusive	Inconclusive

Even if Triad and NCBH were conforming with all applicable statutory and regulatory review criteria, NH Medical Park is still the most effective alternative for the following reasons:

- NH Medical Park has the most effective project timeline
- NH Medical Park proposes effective geographic accessibility
- NH Medical Park has adequate physician support

- NH Medical Park is most effective in expanding access to Forsyth County residents
- NH Medical Park offers patient access to multiple services
- NH Medical Park provides the more effective access by underserved groups

## **CONCLUSION**

NCBH's application is not approvable, as it does not conform to Criteria (1), (3), (4), (5), (6), (7), (13), (18a), and the Performance Standards for MRI services. NH Medical Park's application meets all applicable criteria and standards for surgical services and operating rooms. In addition, for each of the comparative analysis factors provided in this analysis, NH Medical Park is determined to be the superior applicant as detailed above.

Regardless of the comparative factors, only NH Medical Park clearly meets all CON Review Criteria and the Performance Standards for surgical services and operating rooms, presenting clear and reasonable documentation throughout its application. Further, as a hospital that specializes in surgical services, NH Medical Park is dedicated to meeting the OR needs of Forsyth County as it has for almost 50 years. NCBH fails to prove a need for its proposed project. Even if NCBH met the CON Review Criteria and Performance Standards, which it does not, NH Medical Park is the best applicant on a comparative basis to ensure enhanced access to high quality surgical care for its patients and the residents of Forsyth County. Thus, NH Medical Park should be approved.