

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DATE: February 22, 2012

PROJECT ANALYST: Gebrette Miles

ASSISTANT CHIEF: Martha Frisone

PROJECT I.D. NUMBER: Q-8769-11 / Pitt County Memorial Hospital, Inc. d/b/a Vidant Medical Center / Add 48 acute care beds for a total of 782 acute care beds / Pitt County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Pitt County Memorial Hospital, Incorporated (PCMH), is currently licensed for 734 acute care beds. (Note: During the course of this review, PCMH was renamed Vidant Medical Center.) The applicant proposes to add 48 new acute care beds in existing space. The 2011 State Medical Facilities Plan (2011 SMFP) includes an Acute Care Bed Need Determination for 48 additional acute care beds in the Pitt-Greene-Hyde Service Area. The 2011 SMFP states:

“Any qualified applicant may apply for a certificate of need to acquire the needed acute care beds. A person is a qualified applicant if he or she proposes to operate the additional acute care beds in a hospital that will provide:

- (1) a 24-hour emergency services department,*
- (2) inpatient medical services to both surgical and non-surgical patients,*
and

- (3) *if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid services (CMS), as follows: ... [as listed in the 2011 SFMP].”*

The applicant proposes to develop all of the 48 acute care beds available for the Pitt-Greene-Hyde Service Area in Pitt County. The applicant does not propose to develop more acute care beds than are determined to be needed in the Pitt-Greene-Hyde Service Area. PCMH currently operates a 24-hour emergency services department. In Section II.8, page 20, the applicant provides the number of inpatient days of care by major diagnostic category (MDC) provided at PCMH during FY 2011. PCMH provided services in all 25 MDCs listed in the 2011 SMFP. Therefore, the applicant adequately demonstrates that it will provide medical and surgical services in at least five MDCs recognized by CMS. PCMH adequately demonstrates that it provides inpatient medical services to both surgical and non-surgical patients. Thus, PCMH is a qualified applicant and the proposal is consistent with the need determination in the 2011 SMFP for acute care beds in Pitt County.

Policy GEN-3: Basic Principles is also applicable to this review. This policy states:

“A CON 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 (SMFP) shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing health care value for resources expended. A CON applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A CON applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the SMFP as well as addressing the needs of all residents in the proposed service area.”

Regarding the promotion of safety and quality, in Section III, page 39, the applicant states,

“PCMH has a comprehensive patient safety and quality improvement plan that monitors, evaluates and improves health care processes and outcomes, supports Medical Staff review, and is consistent with TJC standards. The hospital’s Quality Improvement (QI) Program (See Appendix F) ensures that all patient care and support services:

- focus on patient safety through process improvement and education,*
- provide effective and efficient quality services, and*
- meet patient expectations through targeted customer service initiatives.*

This QI Plan covers all services at PCMH. Reference Appendix F for a copy of this program.

The proposed project will be developed to adhere to the comprehensive QI Plans already in place. This will assure the proposed project will promote safety and quality.”

Regarding plans for providing access to services for patients with limited financial resources and availability of capacity to provide these services, in Section III, page 39, the applicant states,

“PCMH is an essential access point for the medically underserved population in eastern NC. As a mission driven, not-for-profit organization, PCMH has a long history of meeting the needs of the medically underserved as evidenced in the hospital’s payer mix and policies. PCMH would operate the proposed project under the same policies that have governed PCMH’s historical service to the community.

Furthermore, the proposed addition of 48 acute care beds would address the hospital’s ability to ensure access to care for patients in the region. The proposed project would help eliminate access barriers and address the hospital’s current and future demand, including the needs of the medically underserved.”

Regarding how the project will promote equitable access and maximize healthcare value for resources expended, in Section III, page 40, the applicant states,

“The State Health Coordinating Council (SHCC) defines value as the ‘maximum benefit per dollar expended.’

The proposed project is being developed to meet hospital ‘mission’ objectives that focus, in part, on meeting the care needs and education/research needs of the residents in eastern NC. Refurbishment of already existing patient care areas develops additional bed capacity at a fraction of the cost of new construction.

Therefore, the proposed project costs, balanced against the benefits to patients, community, physicians and staff, yield significant value and meet the test of the value principle.”

The applicant also demonstrated that projected volumes for the proposed services incorporate the basic principles in meeting the needs of patients to be served. See Criteria (3) and (13c) for additional discussion. Thus, the application is conforming to Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities is also applicable to this review. This policy states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN 4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy-GEN 4. The plan shall not adversely affect patient or resident health, safety, or infection control.”

Regarding energy efficiency and sustainability for health service facilities, in Section III, page 40, the applicant states,

“PCMH is committed to constructing facilities that are energy efficient and promote water conservation. Because of the limited extent of the actual refurbishment, not renovation, included in this project, the ability to significantly alter the parameters of the existing systems to increase energy savings is not possible.”

In summary, PCMH is conforming to SMFP Policy GEN-3 and Policy GEN-4 and conforms to the need determination in the 2011 SMFP. Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which

all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

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Pitt County Memorial Hospital, Incorporated (PCMH), is currently licensed for 734 acute care beds. The applicant proposes to add 48 new acute care beds in existing space, for a total of 782 acute care beds upon completion of the proposed project. In Section II.1(a), page 10, the applicant states the 48 beds will be designated as general medical/surgical beds and will be developed throughout the hospital in areas with the greatest need. The applicant proposes to develop the 48 beds as follows:

- 22 general medical/surgical oncology beds
- 11 general medical/surgical pediatric beds
- 10 non-patient specific general medicine beds
- 5 non-patient specific general surgery beds

The applicant does not propose to develop any ICU beds, Level II-IV neonatal bassinets, or sub-acute beds (i.e. psych, rehabilitation, skilled nursing, etc.)

In Section II.1(a), page 11, the applicant states,

“PCMH is proposing to place the beds in existing space in the current facility. In 2009, PCMH completed its new 168 bed heart tower as defined in CON project ID Q-7075-04 (49 additional beds and new heat [sic] tower), Q-7430-05 (42 additional beds), and Q-7748-06 (25 additional beds). As a result of these projects, PCMH added 116 new acute care beds to the tower and relocated 52 existing beds from throughout the existing facility into the new tower. The vacated space was converted to non-clinical support space (case management, offices, secretarial support, etc.) on the various units from where the respective beds were located. For this project, PCMH is proposing to relocate the sum [sic] of the non-essential, non-additional 48 beds back into these spaces that were once functioning inpatient rooms. PCMH is also proposing to place 10 of the 48 beds in an underutilized observation unit that also was once a functioning inpatient unit prior to the completion of the new heart tower. PCMH is proposing to place the remaining 11 of the 48 beds in the hospital’s existing pediatric unit. These beds are planned to be reallocated/relocated when the new Children’s Hospital addition is completed in 2013. PCMH believes this is the most cost effective way to improve access to patient care given the ongoing high census of PCMH.”

Population to be Served

In Sections II.4(b) and II.5(b), the applicant provides current and projected patient origin for PCMH. The applicant states that projected patient origin is expected to approximate historical patient origin. PCMH’s current and projected patient origin for the first two years of the proposed project is illustrated below:

PCMH Current and Projected Patient Origin

County	Current (FY 11)	Projected (FY14 and FY15)
Pitt	41.6%	41.6%
Beaufort	6.2%	6.2%
Lenoir	4.9%	4.9%
Edgecombe	4.2%	4.2%
Wayne	3.9%	3.9%
Craven	3.9%	3.9%
Wilson	3.7%	3.7%
Greene	3.6%	3.6%
Martin	3.4%	3.4%
Onslow	3.0%	3.0%
Nash	2.7%	2.7%
Halifax	2.2%	2.2%
Bertie	2.1%	2.1%
Carteret	1.7%	1.7%
Duplin	1.5%	1.5%
Washington	1.5%	1.5%
Hertford	1.1%	1.1%
Northampton	1.1%	1.1%
Chowan	1.0%	1.0%
All Other*	6.8%	6.8%
Total	100.0%	100.0%

*All Other includes counties with less than 1.0% (Jones, Hyde, Pamlico, Dare, Tyrrell, Perquimans, Pasquotank, Gates, Currituck, and Camden), which equates to 2.8% of the category. Plus an additional 4%, which the applicant states includes all NC counties and States outside the 29-county service area.

The applicant adequately identified the population it proposes to serve.

Need for the Proposed Project

In Section III.1(a), page 29, the applicant states the need for the proposed 48 additional acute care beds is based on the following:

“In 2009, PCMH opened 116 new acute care inpatient beds as a result of completing CON project ID Q-7075-04 (49 beds), Q-7430-05 (42 beds), and Q-7748-06 (25 beds). Even with the addition of these beds, PCMH’s historical growth in inpatient days is

exceeding its optimal percent occupancy (see figure III.1 below). In fact, in FY2010, the first full fiscal year all the additional beds were operational, PCMH still operated at 79.5% occupancy. This is above the SMFP recommended occupancy rate of 78% for hospitals of its size (>400 ADC). In FY2011 the percent occupancy grew to almost 81% and is projected to reach 83.5% occupancy this year. By 2017, PCMH will have to operate at 93.2% occupancy in order to meet conservative need projections.

PCMH cannot efficiently or effectively meet the demand for inpatient acute care services operating at an occupancy rate greater than 78% and especially not at over 93% occupancy. The 48 new beds PCMH is proposing to add provides some additional capacity, but as Figure III.2 below shows, this is a short term solution, since occupancy is still projected to be above 78% by 2013 when the proposed new beds are operational (81% occupancy). With the proposed new beds, PCMH will have to operate at 87% occupancy in FY2017 to meet conservative projections, which is significantly better than operating at 93% occupancy without beds.”

Additionally, on pages 31-34, the applicant further describes the role of PCMH in the service area. PCMH is:

- The general acute community hospital for the Pitt/Greene acute care service area
- A destination for complex and tertiary patients residing outside the Pitt/Greene acute care service area, and
- A major referral center for community hospitals located in Eastern North Carolina.

In Section III.1(a), pages 35-36, the applicant discusses the need for pediatric medical/surgical beds. On page 35, the applicant illustrates the projected growth in occupancy by bed type. Specifically, the applicant estimates the pediatric medical/surgical bed occupancy of 86% in FY13 and 93% in FY17. The applicant notes the following factors contribute to the projected high occupancy levels:

“Reduction in Beds: *As a result of the development of Children’s Hospital at PCMH (CON Project #Q-8462-10), it was determined that a downward trend in pediatric patient days, at that time, indicated an ability to reallocate 5 general acute care pediatric beds to the hospital’s Level II newborn nursery. At the time of filing, PCMH’s Level II newborn nursery was operating above capacity while the general pediatric unit was operating significantly under capacity. The low capacity in the general acute care pediatric unit also allowed the hospital to relocate 6 additional beds to the new Children’s Hospital to create a new immuno-suppressed specialty unit. Even with the relocation and redesignation to a special use, the beds are still considered general pediatric med/surg beds, creating a new loss of 5 general pediatric med/surg beds. However, [sic]*

Recent Growth in Volume: *Since the filing of the Children’s Hospital CON, PCMH has recruited new physicians that have had an enormous impact on pediatric volumes. These new physicians included two pediatric general surgeons and two pediatric nephrologists. The addition of these physicians represent additional services now being offered at PCMH that before were currently not available. As a result, pediatric patient days rebounded in FY2011 and are expected to grow 2.4% per year through FY17.”*

Furthermore, the applicant states that PCMH is the only major provider of pediatric inpatient services in Eastern North Carolina.

In Section III.1(a), page 37, the applicant discusses the need for medical/surgical beds. While the applicant states it estimates the percent occupancy for general adult medical/surgical beds to be 92% in FY 13 and exceed capacity (101%) in FY17, the oncology unit has the greatest need for additional bed capacity. The applicant states,

“Currently, PCMH’s oncology unit consists of 42 beds, with 30 beds residing in one unit and 12 beds residing in another. Currently, this allows PCMH to cluster only around 60% of oncology patients. The remainder are scattered throughout the hospital as bed space permits. Cancer patients require special care that is best delivered by staff that are trained specifically to meet the unique needs of this patient population. As stated above, only about 60% are being treated on units specifically designed and staffed to accomplish this. To address this issue, PCMH is proposing to add 6 additional beds to each existing oncology unit (total of 12) as well as convert a 10 bed underutilized observation unit into a third dedicated oncology unit. This will allow PCMH to care for all of the hospital’s oncology patients in dedicated oncology units designed and staffed to meet the unique needs of this patient population.”

Finally, the applicant states it proposes to add 15 additional general adult med/surg beds in non-patient specific areas throughout the hospital where needed to address the overall adult med/surg capacity issues.

In Section IV, pages 48-51, the applicant provides the assumptions and methodology used to project utilization. On page 49, the applicant provides historical and projected acute care bed utilization at PCMH, as shown below:

Pitt County Memorial Hospital
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	Historical Utilization			Project Development		PY 1	PY 2	PY3
	2009	2010	2011	2012	2013	2014	2015	2016
Days	203,402	213,101	216,479	223,773	230,570	236,628	241,866	246,204
% Change	2.4%	4.8%	1.6%	3.4%	3.0%	2.6%	2.2%	1.8%
Avg. Daily Census	557	584	593	613	632	648	663	675
% Occupancy	75.9%	79.5%	80.8%	83.5%	80.8%	82.9%	84.7%	86.3%
Existing Beds	734	734	734	734	734	782	782	782
Proposed New Beds	--	--	--	--	48	--	--	--
Total Beds	734	734	734	734	782	782	782	782

PCMH is currently licensed for 861 beds. In Appendix A, the applicant provides a break down of PCMH’s bed inventory which shows that 75 of the beds are inpatient rehabilitation beds and 52 are psychiatric beds. Thus, for utilization/occupancy projection purposes, the applicant assumes a total of 734 acute care beds, excluding inpatient rehabilitation and psychiatric beds ($861 - 75 - 52 = 734$). In Section II.8, page 25, the applicant states,

“According to the utilization projections presented in Section IV of this application, PCMH anticipates operating its acute care inpatient beds (excluding newborn nursery, psych and rehab) at 87.5% occupancy in the third year of operation following completion of the proposed project. This occupancy rate is well above the required 75.2% as stated above as well as the 78% occupancy rate considered in the current State Medical Facility Plan for organizations with more the 400 beds.”

However, based on the utilization projections provided by the applicant in the table above, the Project Analyst projects an occupancy rate of 86.3% in the third operating year (FY 2016), not 87.5% as stated by the applicant. Based on 782 licensed acute care beds (excluding newborn nursery, psych and rehab) licensed acute care beds in FY 2016, the applicant projects an average daily census (ADC) of 674.5 ($246,204 \text{ patient days} / 365 = 674.5$), which is equivalent to an 86.3% ($674.5 / 782 = 0.8625$) average occupancy rate for the licensed beds. Nevertheless, an occupancy rate of 86.3% is still greater than the 75.2% target occupancy rate for hospitals with an ADC >400, required by 10A NCAC 14C .3803(a). Indeed, based on information provided by the applicant on page 49, the historical occupancy rate at PCMH has consistently exceeded the required target occupancy rate.

Additionally, in Section IV, page 51, the applicant provides the following assumptions regarding projected growth of acute care days at PCMH:

Table IV.2: PCM Acute Care Inpatient Days Growth Assumptions

Bed Type	FY07-11 CAGR	FY11-17 CAGR	Rationale
<i>ICU</i>	<i>3.8%</i>	<i>2.2%</i>	<i>Growth expected [to] slow and begin to trend towards population growth (1.0%)</i>
<i>Neonatal</i>	<i>-2.6%</i>	<i>0.9%</i>	<i>Expected increases with expanded Children’s Hospital offset by declining birth rate in the region. Most likely growth will ultimately reflect overall population growth (1.0%)</i>
<i>OB/GYN</i>	<i>-1.9%</i>	<i>0.9%</i>	<i>Growth assumed to reflect the neonatal growth rate (see above)</i>
<i>Adult Med/Surg</i>	<i>4.7%</i>	<i>2.7%</i>	<i>Growth expected slow and begin to trend towards population growth (1.0%)</i>
<i>Pediatric Med/Surg</i>	<i>0.7%</i>	<i>2.4%</i>	<i>Growth expected to continue to increase as service, physicians, and facilities are added and developed. Eventual slowing of growth as a result of declining birth rate expected to decline towards population growth. (1.0%)</i>
Overall	3.2%	2.4%	Calculated based on above

As shown in the table above, overall, the applicant assumes growth will continue but at a lower rate. The applicant provides supporting documentation in Section III.1(a), pages 29-37, Section IV, pages 49-50, and Appendix G. The applicant’s projected utilization for the acute care beds is based on reasonable and supported assumptions regarding historical growth in acute care admissions and patient days. Therefore, the applicant adequately demonstrates the need for 48 additional acute care beds.

In summary, the applicant adequately identified the population proposed to be served and adequately demonstrated the need for the proposed project. Therefore, the application is conforming to this criterion.

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

NA

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

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In Section III.3, pages 41, the applicant discusses the alternatives to the proposed project that were considered prior to submission of this application and the basis for selection of the proposed project. The applicant 1) considered maintaining the status quo, 2) constructing additional beds on PCMH's campus, and 3) constructing additional beds elsewhere in Pitt or Green County. Furthermore, the application is conforming with all other applicable statutory and regulatory review criteria. See Criteria (1), (3), (5), (6), (7), (8), (13), (14), (18a), (20), and 10A NCAC 14C. 3800. The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need. Therefore, the application is conforming with this criterion and approved subject to the following conditions.

- 1. Pitt County Memorial Hospital, Inc. shall materially comply with all representations made in the certificate of need application.**
 - 2. Pitt County Memorial Hospital, Inc. shall be licensed for no more than 782 acute care beds, 75 inpatient rehabilitation beds and 52 psychiatric beds upon completion of this project.**
 - 3. Pitt County Memorial Hospital, Inc. shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and that would otherwise require a certificate of need.**
 - 4. Pitt County Memorial Hospital, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

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In Section VIII, page 78, the applicant projects that the total capital cost of the proposed project will be \$2,786,215, including \$668,500 for renovation, \$1,401,215 for equipment, \$56,500 for consultant fees, and \$660,000 in other costs (IS/Security/Biomed/Signs). In Section IX, page 79, the applicant states there are no start-up or initial operating expenses associated with the proposed project. In Section VIII.3, page 74, the applicant states that accumulated reserves will be used to fund the proposed capital cost. Appendix S contains a letter from the Chief Financial Officer at University Health Systems of Eastern Carolina, Inc. (parent company of PCMH) and PCMH, Inc. and the Senior Vice President for Finance at PCMH, which states,

“UHSEC and PCMH will commit \$2,786,215 in accumulated reserves to complete the proposed refurbishments and purchase of related equipment for 48 patient rooms at the hospital.”

Exhibit K contains a copy of UHSEC’s combined financial statements, which show as of September 30, 2010, UHSEC had total assets of \$1,436,497,000; \$80,251,000 in cash and cash equivalents; and net assets (total assets less total liabilities) of \$626,073,000. The applicant adequately demonstrated the availability of funds for the capital needs of the project.

The applicant provided Pro forma financial statements for the entire hospital and acute care services for the first three years of the project. For acute care services, the applicant projects that total revenue will exceed total expenses in each of the first three operating years. The applicant also projects an excess of revenue over expenses for the entire facility for each of the first three operating years. Projected costs and revenues are based on reasonable and credible assumptions, including projected utilization. See the Pro forma financial statements in the application and Criterion (3) for utilization assumptions.

In summary, the applicant adequately demonstrated the availability of sufficient funds for the capital needs of the project, and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Therefore, the application is conforming to this criterion.

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

C

PCMH operates the only acute care hospital in Pitt County and proposes to develop, pursuant to a need determination in the 2011 State Medical Facilities Plan (SMFP), 48 new acute care beds in existing space. The 2011 SMFP includes an Acute Care Bed Need Determination for 48 additional acute care beds in the Pitt-Greene-Hyde Service Area. The applicant proposes to develop 48 of the 48 acute care beds available for Pitt County in the 2011 SMFP. The applicant does not propose to develop more acute care beds than are determined to be needed in the service area, thus PCMH is conforming Criterion (1). The applicant adequately demonstrated the need for the proposed beds based on historical utilization and reasonable projections of increased utilization. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrated that the proposed project is not an unnecessary duplication of existing or approved health service capabilities or facilities, and is conforming with this criterion.

- (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.

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In Section VII.1, page 68, the applicant provides the proposed staffing for the additional 48 acute care beds. The applicant states,

“PCMH utilizes relatively constant care staff to patient ratios on all its inpatient units. Therefore, PCMH expects the number of clinical staff assigned to these units to increase as a direct result of an increase in census. As a result of this, PCMH anticipates adding 256.6 additional staff directly related to patient care on the inpatient units by FY 2017 in order to maintain these ratios.”

The applicant’s proposed staffing is shown below:

PCMH Proposed Clinical Staffing On Acute Care Inpatient Units

<i>Type</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>New Positions From FY11-17</i>
<i>Tech</i>	10.6	11.0	11.3	11.6	11.8	12.1	12.2	1.6
<i>RN Manager</i>	73.2	75.7	78.0	80.0	81.8	83.3	84.4	11.2
<i>RNs</i>	1,100.3	1,137.4	1,171.9	1,202.7	1,229.3	1,251.4	1,268.5	168.2
<i>Clerical</i>	167.9	173.6	178.8	183.5	187.6	191.0	193.6	25.7
<i>Care Partner</i>	325.3	336.3	346.5	355.6	363.4	370.0	375.0	49.7
<i>TOTAL</i>	1,677.3	1,733.8	1,786.5	1,833.4	1,874.0	1,907.6	1,933.8	256.5
<i>Pt Days</i>	216,479	223,773	230,570	236,628	241,866	246,204	249,579	
<i>FTE/Pt Days</i>	0.00775	0.00775	0.00775	0.00775	0.00775	0.00775	0.00775	

As shown in the above table, the applicant projected the proposed staffing through the fourth year following completion of the project. In Section VII.3, page 69, the applicant states that it does not anticipate any difficulty recruiting staff for these positions. In Section V.3(c), page 112, the applicant identifies Dr. John Olsson as the current Chief of Medical Staff for PCMH. The applicant demonstrates the availability of adequate health manpower and management personnel for the provision of the proposed services. Therefore, the application is conforming to this criterion.

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

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Appendix L contains a letter signed by the President and Chief Nursing Officer/Senior Vice President of Patient Care Services for PCMH which lists the ancillary and support services currently available at PCMH. Appendix O contains a list of area health care providers with which PCMH has transfer agreements, as well as a copy of a standard transfer agreement.

Appendix P contains letters from physicians expressing support for the proposed project. The applicant adequately demonstrated that the necessary ancillary and support services will be available and that the services will be coordinated with the existing health care system. Therefore, the applicant is conforming with this criterion.

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

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates:

- (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and

NA

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

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

NA

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

NA

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

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In Sections VI.12 and VI.13, pages 65-66, the applicant provides the current payor mix for the entire facility and acute care inpatient services for FY 2011 at PCMH, as shown below.

***PCMH FY11 Percent Payer Mix Distribution by Category
For the Entire Hospital***

<i>Payor</i>	<i>% of Total</i>
<i>Commercial Insurance</i>	<i>1.3%</i>
<i>Medicaid</i>	<i>27.7%</i>
<i>Medicare / Medicare Managed Care</i>	<i>45.3%</i>
<i>Managed Care</i>	<i>16.7%</i>
<i>Other (CHAMPUS / Workman Comp)</i>	<i>4.2%</i>
<i>Self Pay / Indigent / Charity</i>	<i>4.8%</i>
<i>Total</i>	<i>100.0%</i>

**Note: FY11 = 10/01/10 to 09/30/11*

**PCMH FY11 Percent Payer Mix Distribution by Category
 Acute Care Inpatient Services Only**

Payor	% of Total
<i>Commercial</i>	<i>1.2%</i>
<i>Medicaid</i>	<i>23.0%</i>
<i>Medicare Managed Care</i>	<i>44.2%</i>
<i>Managed Care</i>	<i>21.5%</i>
<i>Other</i>	<i>4.4%</i>
<i>Self</i>	<i>5.6%</i>
Total	100.0%

**Note: FY11 = 10/01/10 to 09/30/11*

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and CY 2009, respectively. The data in the table were obtained on February 13, 2012. More current data, particularly with regard to the estimated uninsured percentages, were not available.

	Total # of Medicaid Eligible as % of Total Population	Total # of Medicaid Eligibles Age 21 and older as % of Total Population	% Uninsured CY 2008-2009 (Estimate by Cecil G. Sheps Center)
Pitt County	16.0%	3.4%	21.3%
Statewide	17.0%	5.1%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population. Of the 38 beds the applicant proposes to develop, 11 are designated as medical/surgical pediatric beds. The remainder will serve primarily adults.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage was 48.6% for those age 20 and younger (Pitt County percentage was 44.0% for those age 20 and younger) and 31.6% for those age 21 and older (Pitt County percentage was 30.1% for those age 21 and older). Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

The applicant demonstrates that medically underserved populations currently have adequate access services offered at PCMH. Therefore, the application is conforming to this criterion.

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

C

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section VI.2, page 65, the applicant states,

“PCMH is bound by the Civil Rights Act, Hill-Burton Community Services obligation, as well as its admissions policy to provide equal access to care without discrimination and without regard to race, color, creed, national origin, or source of payment. PCMH has fulfilled its required volume of uncompensated care services in compliance with Hill-Burton regulations. However, there exists into perpetuity the Hill-Burton requirement that PCMH provide access to all those in need.”

In Section VI.10, page 65, the applicant states there have been no civil rights complaints filed against PCMH in the past five years. The application is conforming to this criterion.

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

C

In Section VI.14, page 66, the applicant projects the payor mix for acute services to be provided at PCMH during Project Year 2, as illustrated in the following table:

**PCMH FY15 Percent Payer Mix Distribution by Category
Acute Care Inpatient Services Only**

Payor	% of Total
<i>Commercial</i>	<i>1.2%</i>
<i>Medicaid</i>	<i>23.0%</i>
<i>Medicare Managed Care</i>	<i>44.2%</i>
<i>Managed Care</i>	<i>21.5%</i>
<i>Other</i>	<i>4.4%</i>
<i>Self</i>	<i>5.6%</i>
Total	100.0%

**Note: FY11 = 10/01/10 to 09/30/11*

In Section VI.2, page 116, the applicant states PCMH does not discriminate based on race, color, creed, age, sex, national origin, religion, disability status, sexual preference, or sources of payment for care. Therefore, the application is conforming with this criterion.

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

C

In Section VI.9(a), page 64, the applicant documents the range of means by which patients would have access to the services to be provided at PCMH. The information provided is reasonable and credible and supports a finding of conformity with this criterion.

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

C

In Section V.1, page 52, and referenced exhibits, PCMH provides a list of institutions with which it maintains working agreements to facilitate the clinical needs of health professional training programs. The applicant states, "*The proposed project will expand PCMH's patient base and hence the number of teaching opportunities available.*" The information provided is reasonable and credible, and supports a finding of conformity to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

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

C

See Sections II, III, V, VI and VII. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicant adequately demonstrates that the proposal is needed and that it is a cost-effective alternative to meet the demonstrated need [see Criteria (1), (3), (4), and (5) for additional discussion];
- The applicant has and will continue to provide quality services [see Criteria (7), (8) and (20) for additional discussion];
- The applicant has and will continue to provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

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

C

PCMH is accredited by the Joint Commission and certified by CMS for Medicare and Medicaid participation. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred at PCMH within the eighteen months immediately preceding the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health

service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

The application submitted by Pitt County Memorial Hospital (PCMH) is conforming with all applicable Criteria and Standards for Acute Care Beds as promulgated in 10A NCAC 14C .3800. The specific criteria are discussed below.

.3802 INFORMATION REQUIRED OF APPLICANT

.3802(a) This rule states *“An applicant that proposes to develop new acute care beds shall complete the Acute Care Facility/Medical Equipment application form.”*

-C- The applicant completed the Acute Care Facility/Medical Equipment application form.

3802(b)(1) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: (1) the number of acute care beds proposed to be licensed and operated following completion of the proposed project.”*

-C- In Section I.9, page 3, the applicant states that it proposes to add 48 new acute care beds for a total of 782 licensed and operational acute care beds upon completion of this project.

.3802(b)(2) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (2) documentation that the proposed services shall be provided in conformance with all applicable facility, programmatic, and service specific licensure, certification, and JCAHO accreditation standards.”*

-C- In Section II.6, page 16, the applicant states,

“PCMH was fully accredited by the Joint Commission (TJC) on April 25, 2009. PCMH is also licensed by the North Carolina Department of Health and Human Services as an acute care facility. PCMH is approved for participation in the Medicare and Medicaid programs. All staff current associated with operative services maintain the appropriate certification and accreditations. All equipment that is used to support the provision of inpatient care is approved by the U.S. Food and Drug Administration, and has been designed to be compliant with all applicable local, state, and federal requirements for energy efficiency and consumption. The proposed project will be implemented in such a

manner as to adhere to all standards of these accrediting and licensing organizations.”

.3802(b)(3) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (3) documentation that the proposed services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies.”*

-C- Appendix C includes the location and design specifications for all of the new beds association with the proposed project. In Section II.8, page 19, the applicant states that the services proposed will be offered in a physical environment as required by this rule.

.3802(b)(4) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (4) if adding new acute care beds to an existing facility, documentation of the number of inpatient days of care provided in the last operating year in the existing licensed acute care beds by medical diagnostic category, as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the applicable State Medical Facilities Plan.”*

-C- In Section II.8, page 20, the applicant provides the number of inpatient days of care provided in the existing licensed acute care beds at PCMH during the last operating year (FY 2011) by medical diagnostic category, as classified by the Centers for Medicare and Medicaid Services according to the list set forth in the 2011 State Medical Facilities Plan.

.3802(b)(5) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (5) the projected number of inpatient days of care to be provided in the total number of licensed acute care beds in the facility, by county of residence, for each of the first three years following completion of the proposed project, including all assumptions, data and methodologies.”*

-C- In Appendix G, the applicant provides the projected number of inpatient days of care to be provided in the total number of licensed acute care beds in the facility, by county of residence, for each of the first three operating years following completion of the project, as follows:

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PCMH Projected Inpatient Days by County of Origin			
County	FY 2014	FY 2015	FY 2016
All Other	9,515	9,726	9,900
Beaufort	14,014	14,325	14,581
Bertie	6,429	6,572	6,690
Camden	356	364	371
Carteret	4,924	5,033	5,124
Chowan	3,039	3,106	3,162
Craven	10,594	10,829	11,023
Currituck	138	141	143
Dare	972	993	1,011
Duplin	4,505	4,604	4,687
Edgecombe	11,416	11,669	11,878
Gates	540	552	562
Greene	7,422	7,586	7,722
Halifax	6,593	6,739	6,860
Hertford	4,107	4,198	4,273
Hyde	1,190	1,217	1,239
Jones	932	953	970
Lenoir	12,009	12,274	12,495
Martin	8,540	8,729	8,886
Nash	8,393	8,578	8,732
North Hampton	3,335	3,409	3,470
Onslow	9,899	10,118	10,299
Pamlico	902	992	938
Pasquotank	856	875	891
Perquimans	982	1,003	1,021
Pitt	79,297	81,053	82,506
Tyrrell	791	809	823
Washington	4602	4,704	4,788
Wayne	10,351	10,581	10,770
Wilson	9,984	10,205	10,388
Total	236,628	241,866	246,204

.3802(b)(6) This rule states “An applicant proposing to develop new acute care beds shall submit the following information: ... (6) documentation that the applicant shall be able to communicate with emergency transportation agencies 24 hours per day, seven days per week.”

-C- As an existing acute care facility, the applicant states, “PCMH is currently able to communicate with all emergency transportation agencies in eastern North Carolina 24 hours a day, seven days per week.” See Section II.8, pages 21-22 and Appendix H for further documentation of PCMH’s ability to communicate with EMS.

.3802(b)(7) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (7) documentation that services in the emergency care department shall be provided 24 hours per day, seven days per week, including a description of the scope of services to be provided during each shift and the physician and professional staffing that will be responsible for provision of those services.”*

-C- In Section II.8, pages 22-23, the applicant states,

“The Emergency Department (ED) at PCMH is a Level I trauma center that currently serves Pitt County as well as 28 other counties in eastern North Carolina 24 hours a day, every day of the year. ... The ED is staffed by physicians with Board Certification in Emergency Medicine. In addition, trauma teams in the ED provide care for all types of serious injuries or illnesses. ... PCMH maintains the staff, equipment and supplies needed to treat any patient that presents to the ED at any time.”

In Appendix I, the applicant provides a letter from the president of PCMH which states that the PCMH is a Level I Trauma Center, verified by the American College of Surgeons, caring for the most seriously injured and ill patients.

.3802(b)(8) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (8) copy of written administrative policies that prohibit the exclusion of services to any patient on the basis of age, race, sex, creed, religion, disability or the patient's ability to pay.”*

-C- Appendix J contains copies of PMCH's charity care, patient rights and responsibilities, and admission policies.

.3802(b)(9) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (9) a written commitment to participate in and comply with conditions of participation in the Medicare and Medicaid programs.”*

-C- In Section II.8, page 23, the applicant states that PCMH participates in the Medicare and Medicaid programs and complies with the Conditions of Participation. The applicant provided the following chart to illustrate the percent of inpatient Medicare/Medicaid patients served in FY111:

<i>Payer</i>	<i>Discharges</i>	<i>Percent</i>
<i>Commercial</i>	<i>10,286</i>	<i>23.3%</i>
<i>Medicare</i>	<i>18,156</i>	<i>41.2%</i>
<i>Medicaid</i>	<i>11,084</i>	<i>25.1%</i>
<i>Self Pay</i>	<i>2,636</i>	<i>6.0%</i>
<i>Other</i>	<i>1,927</i>	<i>4.4%</i>
<i>TOTAL</i>	<i>44,089</i>	<i>100.0%</i>

.3802(b)(10) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (10) documentation of the health care services provided by the applicant, and any facility in North Carolina owned or operated by the applicant's parent organization, in each of the last two operating years to Medicare patients, Medicaid patients, and patients who are not able to pay for their care.”*

-C- Appendix K includes a copy of University Health Systems of Eastern Carolina’s (UHSEC) audited financial statements, which describes the health services provided to Medicaid, Medicare, and charity care patients by all of the UHSEC entities for the last two fiscal years. In Section VI.8, page 63, the applicant states that PCHM provided \$99,545,120 in charity care during the last fiscal year. See Criterion (13) for additional discussion.

.3802(b)(11) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (11) documentation of strategies to be used and activities undertaken by the applicant to attract physicians and medical staff who will provide care to patients without regard to their ability to pay.”*

-C- In Section II.8, page 23, the applicant states, *“PCMH has a documented history of attracting physicians and medical staff who provide care to patients without regard to their ability to pay.”* In Section VII.6(b), pages 71-72, the applicant states, *“A variety of methods are utilized to obtain qualified physicians including: recruiting companies, East Carolina Health, the Office of Rural Health, residency programs, internet advertising, journal advertising, bulk mailings, and personal relationships. In addition, the recruitment team collaborates to ensure candidates meet the current needs and goals related to specialties represented in the community.”*

.3802(b)(12) This rule states *“An applicant proposing to develop new acute care beds shall submit the following information: ... (12) documentation that the proposed new acute care beds shall be operated in a hospital that provides inpatient medical services to both surgical and non-surgical patients.”*

-C- In Section II.8, page 24, the applicant states, “*PCMH has provided inpatient medical services to both surgical and non-surgical patients since the hospital’s inception. Information provided pursuant to 10A NCAC 14C .3802(b)(4) above documents PCMH’s scope of services by medical diagnostic category during FY 2011.*” The diagnostic categories listed included surgical and non-surgical inpatient days.

.3802(c) This rule states “*An applicant proposing to develop new acute care beds in a new licensed hospital or on a new campus of an existing hospital shall also submit the following information:*

- (1) *the projected number of inpatient days of care to be provided in the licensed acute care beds in the new hospital or on the new campus, by major diagnostic category as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;*
- (2) *documentation that medical and surgical services shall be provided in the proposed acute care beds on a daily basis within at least five of the major diagnostic categories as recognized by the Centers for Medicare and Medicaid Services (CMS) according to the list set forth in the applicable State Medical Facilities Plan;*
- (3) *copies of written policies and procedures for the provision of care within the new acute care hospital or on the new campus, including but not limited to the following:*
 - (A) *the admission and discharge of patients, including discharge planning;*
 - (B) *transfer of patients to another hospital;*
 - (C) *infection control; and*
 - (D) *safety procedures;*
- (4) *documentation that the applicant owns or otherwise has control of the site on which the proposed acute care beds will be located; and*
- (5) *documentation that the proposed site is suitable for development of the facility with regard to water, sewage disposal, site development and zoning requirements; and provide the required procedures for obtaining zoning changes and a special use permit if site is currently not properly zoned.”*
- (6) *correspondence from physicians and other referral sources that documents their willingness to refer or admit patients to the proposed new hospital or new campus.”*

-NA- The applicant proposes to add the new acute care beds to the existing hospital on the same campus.

.3803 PERFORMANCE STANDARDS

.3803(a) This rule states *“An applicant proposing to develop new acute care beds shall demonstrate that the projected average daily census (ADC) of the total number of licensed acute care beds proposed to be licensed within the service area, under common ownership with the applicant, divided by the total number of those licensed acute care beds is reasonably projected to be at least 66.7 percent when the projected ADC is less than 100 patients, 71.4 percent when the projected ADC is 100 to 200 patients, and 75.2 percent when the projected ADC is greater than 200 patients, in the third operating year following completion of the proposed project or in the year for which the need determination is identified in the State Medical Facilities Plan, whichever is later.”*

-C- In Section II.8, page 25, the applicant states,

“According to the utilization projections presented in Section IV of this application, PCMH anticipates operating its acute care inpatient beds (excluding newborn nursery, psych and rehab) at 87.5% occupancy in the third year of operation following completion of the proposed project. This occupancy rate is well above the required 75.2% as stated above as well as the 78% occupancy rate considered in the current State Medical Facility Plan for organizations with more the 400 beds.”

However, based on the utilization projections provided by the applicant in Section IV, page 49, the Project Analyst calculates an occupancy rate of 86% in the third operating year (FY 2016). Based on 782 licensed acute care beds (excluding newborn nursery, psych and rehab) licensed acute care beds, the average daily census (ADC) will be 674.5 (246,204 patient days / 365 = 674.5), which is equivalent to an 86.3% ($674.5 / 782 = 0.8625$) average occupancy rate for the licensed beds, which is still greater than the 75.2% required by this rule. See Criterion (3) for additional discussion.

.3803(b) This rule states *“An applicant proposing to develop new acute care beds shall provide all assumptions and data used to develop the projections required in this Rule and demonstrate that they support the projected inpatient utilization and average daily census.”*

-C- The applicant’s assumptions and data used to develop the projections required in this Rule are provided in Section III.1(a), pages 29-37, and Section IV, pages 49-51. The applicant’s assumptions regarding projected inpatient utilization and average daily census are reasonable and credible and support a finding of conformity with this rule. See Criterion (3) for additional discussion.

.3804 SUPPORT SERVICES

- .3804(a) This rule states *“An applicant proposing to develop new acute care beds shall document that each of the following items shall be available to the facility 24 hours per day, seven days per week:*
- (1) laboratory services including microspecimen chemistry techniques and blood gas determinations;*
 - (2) radiology services;*
 - (3) blood bank services;*
 - (4) pharmacy services;*
 - (5) oxygen and air and suction capability;*
 - (6) electronic physiological monitoring capability;*
 - (7) mechanical ventilatory assistance equipment including airways, manual breathing bag and ventilator/respirator;*
 - (8) endotracheal intubation capability;*
 - (9) cardiac arrest management plan;*
 - (10) patient weighing device for a patient confined to their bed; and*
 - (11) isolation capability.”*

-C- Appendix L contains a letter signed by the President of PCMH and the Chief Nursing Officer & Senior Vice President of Patient Care Services which states that PCMH will continue to make all of the above listed items available 24 hours per day, seven days per week.

- .3804(b) This rule states *“If any item in Paragraph (a) of this Rule will not be available in the facility 24 hours per day, seven days per week, the applicant shall document the basis for determining the item is not needed in the facility.”*

-C- In Section II.8, page 26, the applicant states, *“PCMH currently offers all of the above services as part of its normal complement of patient care services.”* Also see Appendix L.

- .3804(c) This rule states *“If any item in Paragraph (a) of this Rule will be contracted, the applicant shall provide correspondence from the proposed provider of its intent to contract with the applicant.”*

-C- In Section II.8, page 26, the applicant states that none of the items listed in Paragraph (a) of this Rule will be contracted.

.3805 STAFFING AND STAFF TRAINING

- .3805(a) This rule states *“An applicant proposing to develop new acute care beds shall demonstrate that the proposed staff for the new acute care beds shall comply with licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals.”*

- C- In Section II.8, page 27, the applicant states that the proposed staff for the new acute care beds shall comply with the licensure requirements set forth in Title 10A NCAC 13B, Licensing of Hospitals. Also, Appendix L contains a letter signed by the President of PCMH and the Chief Nursing Officer & Senior Vice President of Patient Care Services which states that PCMH will comply with the licensure requirements.
- .3805(b) This rule states *“An applicant proposing to develop new acute care beds shall provide correspondence from the persons who expressed interest in serving as Chief Executive Officer and Chief Nursing Executive of the facility in which the new acute care beds will be located, documenting their willingness to serve in this capacity.”*
- C- In Section II.8, page 27, the applicant states, *“Stephen J. Lawler will continue to serve as President of PCMH and Linda Hofler will continue to serve as the hospital’s Chief Nursing Executive.”*
- .3805(c) This rule states *“An applicant proposing to develop new acute care beds in a new hospital or on a new campus of an existing hospital shall provide a job description and the educational and training requirements for the Chief Executive Officer, Chief Nursing Executive and each department head which is required by licensure rules to be employed in the facility in which the acute care beds will be located.”*
- NA- The applicant does not propose to develop new acute care beds in a new hospital or on a new campus of an existing hospital.
- .3805(d) This rule states *“An applicant proposing to develop new acute care beds shall document the availability of admitting physicians who shall admit and care for patients in each of the major diagnostic categories to be served by the applicant.”*
- C- In Section II.8, page 27, the applicant states that PCMH currently has over 600 medical staff with admitting privileges. Appendix M contains a list of PCMH’s current medical staff by specialty.
- .3805(e) This rule states *“An applicant proposing to develop new acute care beds shall provide documentation of the availability of support and clinical staff to provide care for patients in each of the major diagnostic categories to be served by the applicant.”*
- C- In Section II.8, page 28, the applicant states, *“Support and clinical staff are, and will continue to be, available to provide care for patients in each of the major diagnostic categories to be served by PCMH.”* See also Appendix L, which

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contains a letter signed by the President of PCMH and the Chief Nursing Officer & Senior Vice President of Patient Care Services stating that PCMH will comply with the requirements of this Rule.