

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: November 29, 2012
PROJECT ANALYST: Fatimah Wilson
SECTION CHIEF: Craig Smith

PROJECT I.D. NUMBER: R-10015-12 / East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital / Renovate existing vacant space to expand rehab services, behavioral health services and outpatient medical services / Chowan 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.

NA

East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital (“Vidant Chowan Hospital”) located at 211 Virginia Road, Edenton, proposes to renovate vacant space in the existing facility to expand existing outpatient services at Vidant Chowan Hospital. The applicant does not propose to acquire any medical equipment or develop any health service facility beds or services for which there is a need determination in the 2012 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to the proposal.

There is one policy in the 2012 SMFP applicable to the review of the application:

Policy GEN-4: ENERGY EFFICIENCY AND SUSTAINABILITY FOR HEALTH SERVICE FACILITIES

“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 Policy GEN-4, in Section III.2, pages 28-29 and Section XI.7, pages 101-102 the applicant states:

“Vidant Health (VH) and VCHO are committed to constructing facilities that are energy efficient and promote water conservation. Specifically related to the proposed project, upon CON approval, VH and VCHO will, as part of the design phase, 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.

...

VH and VCHO will conform to the energy efficiency and water conservation rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation and required by the North Carolina State Building Code. During the design of this project the VH Office of Facilities and Properties, in conjunction with the VCHO’s Facilities Department, will work with the project Architects and Engineers to assure that the latest technologies for enhanced building energy and water conservation are evaluated for the project and incorporated into the facility where most appropriate. The goal of this effort

will be to maximize energy efficiency and water conservation while creating the best possible care and healing environments for our patients. ...”

The applicant adequately described the project’s plan to assure improved energy efficiency and water conservation. Thus, the application is conforming to Policy GEN-4. 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.

C

East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital (“Vidant Chowan Hospital”) proposes to renovate vacated space in the existing facility to expand existing outpatient services at Vidant Chowan Hospital. The applicant proposes to renovate vacant space to expand rehabilitation and specialty outpatient services. The vacant space was created by the closure of a 40-bed skilled nursing facility (SNF) unit that was once licensed as part of the hospital. In April 2012, Vidant Chowan Hospital closed its 40-bed SNF. The applicant states that the decision to close the SNF was based on community need for Vidant Chowan Hospital to expand certain outpatient services. The applicant states that as of June 2012, all patients were placed in existing area facilities that had excess capacity. According to the Nursing Home Licensure and Certification Section, the appropriate forms were submitted in order to de-certify the 40-bed SNF. To date, there has not been any change to the hospital’s license regarding these beds.

The expansion of rehabilitation services includes (physical therapy, occupational therapy and speech therapy), behavioral health and outpatient clinics for specialty medical services (Neurology, Gastroenterology, Oncology, Orthopedics, Nephrology, Pediatric Cardiology and Cardiology, Pain Management and Chemotherapy). The applicant states that all of these programs are operating in areas that are too small to handle demand. As a result of the proposed project, rehabilitation services will relocate to renovated space in the existing vacated SNF, outpatient specialty services will relocate to renovated space in the existing vacated SNF, behavioral health will relocate to renovated space in the community services building and administrative services will relocate to renovated space in the same building that will be vacated by the relocation of rehabilitation services. In Section II.1, page 10, the applicant states:

“PT, OT, and SLT have one treatment room each so therapist can only treat one patient at a time, causing scheduling bottlenecks and inefficient operations. Behavioral Health only has one small room to hold group sessions, limiting the number of group participants to 6-8 per fire code. This causes a long wait time (2-3 weeks for an appointment). The specialty clinic is also too small to handle the demand, causing long wait times for appointments, inability to increase the number of days specialists are in the clinic, and significant patient privacy and satisfaction issues. The proposed project will allow VCHO to expand the space and capacity of these outpatient programs to meet demand and patient/provider needs.”

The following table illustrates the current and proposed locations of existing outpatient services at Vidant Chowan Hospital.

Service	Existing Location/Sq.Ft	Proposed Location/Sq.Ft.
Rehabilitation Services	Community Services Bldg—5,040 sq.ft.	Vacated SNF unit—5,990 sq. ft.
Outpatient Specialty Services	1 st Floor of Main Hospital—1,506 sq. ft.	Vacated SNF unit—8,750 sq. ft.
Behavioral Health Services	2 nd Floor of Main Hospital—743 sq.ft.	Community Services Bldg—3,350 sq. ft.
Administrative Services	Community Services Bldg—4,300 sq.ft.	Community Services Bldg—5,990 sq. ft.

Population to be Served

The following table illustrates projected patient origin for each service component included in the proposed project during the first and second operating year as reported by the applicant in Section III.5(c), page 32.

OY1 & OY2 VCHO Patient Origin for Each Service Component Included in the Proposed Project

County	Physical Therapy	Occ. Therapy	Speech Therapy	Behavioral Health	Specialty Clinics
Chowan	58.9%	54.5%	60.1%	69.2%	60.9%
Perquimans	14.9%	13.5%	12.7%	14.2%	11.3%
Washington	6.3%	6.3%	15.0%	3.0%	7.9%
Tyrrell	5.4%	9.5%	3.7%	0.4%	8.0%
Bertie	6.8%	5.9%	4.4%	0.0%	5.4%
Pasquotank	3.1%	3.8%	0.0%	8.0%	2.5%
All Other	4.7%	6.5%	4.2%	5.1%	4.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Primary S.A.	58.9%	54.5%	60.1%	69.2%	60.9%
Secondary S.A.	33.4%	35.2%	35.8%	17.6%	32.6%
TOTAL PSA + SSA	92.2%	89.7%	95.8%	86.8%	93.5%

On page 32, the applicant states that because the proposed project is to renovate space and expand the capacity of existing services, Vidant Chowan Hospital

assumes there will be no material changes to patient origin when the project is complete. Therefore, future patient origin is anticipated to approximate historical experience. The applicant adequately identified the population proposed to be served.

Demonstration of Need

In Section III.1(a), pages 18-25, the applicant explains the need to renovate existing space to expand outpatient services.

Rehabilitation Services - On pages 18-21, the applicant identifies the following problems associated with the current rehabilitation services space.

- *“The space rehabilitation services currently occupies is limited and too small to meet the needs of the community VCHO serves.*
- *This causes bottlenecks and inefficiency when multiple patients need the same facilities/treatments at the same time.*
- *The limited number of treatment rooms and office space also prevents VCHO from adding additional clinical staff to meet demand since there would be no treatment rooms available for them to practice in or office space to work in.*
- *Because of a small gym, VCHO is not able to provide space to separate adult and pediatric patients.*
- *It also prevents VCHO from expanding the program to accommodate more special needs children.*
- *Rehabilitation patients needing additional services (pharmacy, radiology, lab, etc.) must leave the Community Services Building and go to the hospital for services.*
- *Also, because the Community Services Building is not physically connected to the hospital, inpatients that would benefit from rehabilitation services beyond what is provided in the room cannot access these services.*
- *In addition, the Community Services Building also houses the hospital’s Human Resources and Administration functions. Patient privacy and satisfaction can become compromised as this is a high traffic area for non-clinical related hospital functions.”*

Vidant Chowan Hospital proposes the following improvements to rehabilitation services as a result of the proposed project:

- Increase the number of treatment rooms
- Larger gym
- Physically connected to the hospital
- Improved employee recruitment and retention

- Improved patient satisfaction
- Improved quality, efficiency, capacity/access and outcomes

Outpatient Specialty Services – On pages 21-23, the applicant identifies the following problems associated with the current outpatient specialty services space.

- *“With only 3 exam rooms, there are a limited number of patient appointment slots available.*
- *In addition, the space only allows for one provider to practice at a time. Therefore, the number of days specialists are on site are limited as well.*
- *The limited number of days providers are on site on a monthly basis results in many patients having to leave the community for care if they cannot wait until the next time the provider is on site.*
- *For many of the medically underserved who cannot travel, care is usually forgone until a more serious medical event occurs.*
- *Also affecting patient privacy and satisfaction currently the space does not allow room for a registration area. Therefore, patients are registered in the ED and sent to the clinic waiting area which also too small with only 10 chairs.*
- *Mixing ED patients with specialty outpatient clinic patients is inefficient and results in patient dissatisfaction and privacy issues.*
- *Provider satisfaction is also compromised as the space only has room for a single work room which acts as the provider’s office, dictation area, and staff work space.*
- *There is also limited storage space and no office space for managerial and support staff, leading to employee dissatisfaction and inefficiency.”*

Vidant Chowan Hospital proposes the following improvements to outpatient specialty services as a result of the proposed project:

- Expanded space for exam rooms, treatment areas, dictation stations, provider offices, staff work room, storage space and support staff office space
- Separate waiting and registration area
- Increase the number of days providers are on-site
- Improved patient privacy and satisfaction
- Improved efficiencies

Behavioral Health Services – On pages 23-24, the applicant identifies the following problems associated with the current behavioral health services space.

- *“Mixing inpatient acute patients with outpatient behavioral health patients is not the most effective and efficient environment to provide these services.*

- *Patient privacy for both behavioral health patients and inpatients is significantly compromised under this arrangement.*
- *Infection control is also difficult to maintain.*
- *With only 1 group therapy room, the number of sessions is limited*
- *This creates a wait list of approximately 2-3 weeks to get an appointment*
- *The limited number of sessions and slots results in many patients having to leave the community for care.*
- *For many of the medically underserved who cannot travel, care is usually forgone until a more serious behavioral health event occurs.*
- *Support, office and record storage space is also limited, compromising employee and provider satisfaction.”*

Vidant Chowan Hospital proposes the following improvements to behavioral health services as a result of the proposed project:

- Expanded space for therapy areas
- Expanded space for office, support and record storage space
- Dedicated space for registration and waiting
- Increase the number of sessions and the number of session participants
- Improved patient privacy and satisfaction
- Improved efficiencies

Administrative Services – On pages 24-25, the applicant identifies the following problems associated with the current administrative services space.

- *“Currently, human resources/education is housed in 3 converted treatment rooms in the existing outpatient rehabilitation clinic. This significantly impacts employee and rehabilitation patient privacy.*
- *Not enough support or file storage space to meet the need”*

Vidant Chowan Hospital proposes the following improvements to administrative services as a result of the proposed project:

- Expanded office space
- Expanded space for support and file space
- Improved employee privacy

The applicant provides the proposed site and floor plans in Appendix D. The space proposed for outpatient services is reasonable based on the services to be provided.

Historical and Projected Utilization

Physical, Speech and Occupational Therapy

In Section IV.2, pages 38-40, the applicant provides both historical and projected utilization volume for rehabilitation services (PT, OT and SLT) at Vidant Chowan Hospital.

*Table IV.3 – Vidant Chowan Hospital Historical & Projected Volume
 Physical Therapy*

	<i>Historical</i>					<i>Development</i>		<i>1st 3 Full Years</i>			
	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>
<i>IP</i>	1,682	1,684	1,628	1,361	1,326	961	982	1,004	1,026	1,049	1,072
<i>% Change</i>	–	0.1%	-3.3%	-16.4%	-2.6%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
<i>OP</i>	2,982	2,991	2,997	3,801	4,025	4,247	4,468	4,682	4,893	5,099	5,298
<i>% Change</i>	–	0.3%	0.2%	26.8%	5.9%	5.5%	5.2%	4.8%	4.5%	4.2%	3.9%
<i>TOTAL</i>	4,664	4,675	4,625	5,162	5,351	5,208	5,450	5,686	5,919	6,148	6,370
<i>% Change</i>	–	0.2%	-1.1%	11.6%	3.7%	-2.7%	4.6%	4.3%	4.1%	3.9%	3.6%

Assumptions:

1. *FY08-11 based on actual historical data*
2. *FY12 annualized based on 9 months actual data*

For IP

3. *FY13: Expected decrease of 386 (FY12 actual volume) due to closing of SNF*
4. *FY13-18: Approximately 82% of patients are age 65 or older. VCHO conservatively projects increases in volume will be similar to the annual growth in the senior population (2.2%)*

For OP

5. *For FY13-18: Historical growth averaged 8.7% per year. Patient volume is approximately 40% senior (65+) and 60% adult (18-64). VCHO conservatively projects growth will begin to slowly trend towards the weighted average growth rate of the two populations of 0.5% (4 x Senior @ 2.2% + 6 x Adult @ -0.3% = 7.0% divided by 20 = 0.7%).*

*Table IV.4 – Vidant Chowan Hospital Historical & Projected Volume
 Occupational Therapy*

	<i>Historical</i>					<i>Development</i>		<i>1st 3 Full Years</i>			
	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>
<i>IP</i>	1,312	1,120	1,118	965	1,002	706	722	738	754	771	788
<i>% Change</i>	–	0.1%	-3.3%	-16.4%	-2.6%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
<i>OP</i>	474	321	392	348	551	573	594	614	633	651	667
<i>% Change</i>	–	-32.3%	22.1%	-11.2%	58.2%	4.0%	3.7%	3.4%	3.1%	2.8%	2.5%
<i>TOTAL</i>	1,786	1,441	1,510	1,313	1,552	1,279	1,316	1,352	1,387	1,422	1,455
<i>% Change</i>	–	-19.3%	4.8%	-13.0%	18.2%	-17.6%	2.9%	2.7%	2.6%	2.5%	2.3%

Assumptions:

1. *FY08-11 based on actual historical data*
2. *FY12 annualized based on 9 months actual data*

For IP

3. *FY13: Expected decrease of 311 (FY12 actual volume) due to closing of SNF*
4. *FY13-18: Care is provided bedside, so capacity limitations are not a factor. Approximately 84% of patients are age 65 or older VCHO conservatively projects increases in volume will be similar to the annual growth in the senior population (2.2%)*

For OP

5. *For FY13-18: Historical growth averaged 4% per year. Patient volume is 1/3 senior (65+) and 2/3 adult (18-64). VCHO conservatively projects growth will begin to slowly trend towards the weighted average growth rate of the two populations of 0.5% (1 x Senior @ 2.2% + 2 x Adult @ -0.3% = 1.6% divided by 3 = 0.5%).*

*Table IV.4 – Vidant Chowan Hospital Historical & Projected Volume
 Speech Therapy*

	<i>Historical</i>					<i>Development</i>		<i>1st 3 Full Years</i>			
	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY1 5</i>	<i>FY1 6</i>	<i>FY1 7</i>	<i>FY1 8</i>
<i>IP</i>	285	229	231	313	293	263	269	275	281	287	293
<i>% Change</i>	–	-19.6%	0.9%	35.5%	-6.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
<i>OP</i>	269	281	330	436	653	817	923	988	1,028	1,059	1,080
<i>% Change</i>	–	4.5%	17.4%	32.1%	49.8%	25.0%	13.0%	7.0%	4.0%	3.0%	2.0%
<i>TOTAL</i>	554	510	561	749	947	1,080	1,192	1,263	1,309	1,346	1,373
<i>% Change</i>	–	-7.9%	10.0%	33.5%	26.4%	14.1%	10.4%	6.0%	3.6%	2.8%	2.0%

Assumptions:

1. *FY08-11 based on actual historical data*
2. *FY12 annualized based on 9 months actual data*

For IP

3. *FY13: Expected decrease of 36 (FY12 actual volume) due to closing of SNF*
4. *FY13-18: Approximately 85% of patients are age 65 or older. VCHO conservatively projects increases in volume will be similar to the annual growth in the senior population (2.2%)*

For OP

5. *For FY13-18: Historical growth averaged 35.7% per year—mostly attributable to a significant rise in the pediatric population. VCHO believes the program will continue to grow, but conservatively not at the current rate. Patient volume is 25% senior (65+), 25% adult (18-64), and 50% pediatric (<18). VCHO conservatively projects growth will begin to rapidly trend towards the weighted average growth rate of the three populations of 0.6% (1 x Senior @ 2.2% + 1 x Adult @ -0.3% + 2 x pediatric @ 0.2% = 2.3% divided by 4 = 0.4%).*

The applicant’s rehabilitation utilization is based on the population of its proposed service area; in particular, the projected growth of the population cohort projected to use the rehabilitation services offered by the applicant. The applicant’s projections are also based on historical utilization growth. A larger facility would allow Vidant Chowan Hospital to increase the number of clinical staff needed; thus increasing the volume of patients being seen. Projected utilization is adequately based on reasonable, credible and supported assumptions. Therefore, Vidant Chowan Hospital adequately demonstrates the need to expand existing rehabilitation services.

Behavioral Health

In Section IV.2, page 36, the applicant provides both historical and projected utilization for behavioral health services at Vidant Chowan Hospital.

Table IV.1 – Vidant Chowan Hospital Historical & Projected Volume Behavioral Health

	<i>Historical</i>					<i>Development</i>		<i>1st 3 Full Years</i>			
	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>
<i>IP</i>	–	–	–	–	–	–	–	–	–	–	–
<i>% Change</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>OP</i>	<i>1,485</i>	<i>1,363</i>	<i>1,360</i>	<i>1,212</i>	<i>1,356</i>	<i>1,410</i>	<i>1,466</i>	<i>1,525</i>	<i>1,678</i>	<i>1,846</i>	<i>2,031</i>
<i>% Change</i>	–	<i>-8.2%</i>	<i>-0.2%</i>	<i>-10.9%</i>	<i>11.9%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>
<i>TOTAL</i>	<i>1,485</i>	<i>1,363</i>	<i>1,360</i>	<i>1,212</i>	<i>1,356</i>	<i>1,410</i>	<i>1,466</i>	<i>1,525</i>	<i>1,678</i>	<i>1,846</i>	<i>2,031</i>
<i>% Change</i>	–	<i>-8.2%</i>	<i>-0.2%</i>	<i>-10.9%</i>	<i>11.9%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.3%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>

Assumptions:

1. *FY08-11 based on actual historical data*
2. *FY12 annualized based on 9 months actual data*

For IP

3. *Behavioral Health Clinic is solely OP based*

For OP

4. *For FY13-18: Historical growth has been limited due to capacity constraints. VCHO projects that the expanded facility capacity will double the number of group sessions and significantly impact future volume. For FY13-15, growth will be limited. For FY16-18, VCHO conservatively projects 10% increases in volume based on historical requests for sessions that cannot currently be met.”*

The applicant’s projections are based on historical utilization growth and the number of historical request for sessions expected to increase that cannot currently be met because of space constraints in the existing facility. A larger facility would allow Vidant Chowan Hospital to increase the number of group sessions needed; thus increasing the volume of patients being seen. Projected utilization is adequately based on reasonable, credible and supported assumptions. Therefore, Vidant Chowan Hospital adequately demonstrates the need to expand existing behavioral health services.

Outpatient Specialty Services

In Section IV.2, page 37, the applicant provides both historical and projected utilization for outpatient clinic services at Vidant Chowan Hospital to include: Neurology, GI, Oncology, Orthopedics, Nephrology, EMGs, Pediatric Cardiology, Cardiology, Pain Management and Chemotherapy.

*Table IV.2 – Vidant Chowan Hospital Historical & Projected Volume
 Outpatient Clinic*

	<i>Historical</i>					<i>Development</i>		<i>1st 3 Full Years</i>			
	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>
<i>IP</i>	–	–	–	–	–	–	–	–	–	–	–
<i>% Change</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>OP</i>	<i>3,586</i>	<i>3,860</i>	<i>4,510</i>	<i>4,361</i>	<i>4,633</i>	<i>4,772</i>	<i>4,915</i>	<i>5,274</i>	<i>5,606</i>	<i>5,847</i>	<i>5,981</i>
<i>% Change</i>	–	<i>7.6%</i>	<i>16.8%</i>	<i>-3.3%</i>	<i>6.2%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>7.3%</i>	<i>6.3%</i>	<i>4.3%</i>	<i>2.3%</i>
<i>TOTAL</i>	<i>3,586</i>	<i>3860</i>	<i>4,510</i>	<i>4,361</i>	<i>4,633</i>	<i>4,772</i>	<i>4,915</i>	<i>5,274</i>	<i>5,606</i>	<i>5,847</i>	<i>5,981</i>
<i>% Change</i>	–	<i>7.6%</i>	<i>16.8%</i>	<i>-3.3%</i>	<i>6.2%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>7.3%</i>	<i>6.3%</i>	<i>4.3%</i>	<i>2.3%</i>

Assumptions:

1. *FY08-11 based on actual historical data*
2. *FY12 annualized based on 9 months actual data*

For IP

3. *OP Clinics are strictly OP based*

For OP

4. *For FY13-18: Historical growth average 7.3% per year. For FY13-14, VCHO expects volume growth to be limited due to capacity constraints. VCHO currently does not have the space to increase the number of clinic days for specialty providers. Once the new outpatient clinic is opened, VCHO intends to expand the number of days specialists are in the clinic, resulting in conservative growth rates approximate to the historical average of 7.3% per year, trending downward towards population growth of 0.3%.”*

The applicant’s projections are based on historical utilization growth and the number of historical request for sessions expected to increase that cannot currently be met because of space constraints in the existing facility. A larger facility would allow Vidant Chowan Hospital to increase the number of days specialists are in the clinic, thus increasing outpatient clinic volume. Projected utilization is adequately based on reasonable, credible and supported assumptions. Therefore, Vidant Chowan Hospital adequately demonstrates the need to expand existing rehabilitation services.

In summary, the applicants adequately identified the population to be served and demonstrated the need the population has for expanded outpatient services. 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.

C

Vidant Chowan Hospital once operated a 40-bed SNF unit located within the hospital. Prior to submittal of the application, the applicant decided to close its 40-bed SNF unit in response to a community need to expand existing outpatient services at the hospital. As of June 2012, all patients were placed in existing area facilities that had excess capacity. According to the 2012 SMFP, there was a surplus of 104 beds in Chowan County; therefore the closing of the 40-bed SNF unit will not result in any loss of access of the medically underserved population. The proposed project

to expand outpatient services in vacant space from the elimination of the SNF unit will not adversely affect the needs of the population presently being served.

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

C

In Section III.3, page 29, 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 first alternative the applicant considered was maintaining the status quo; however, this alternative was not deemed to be an effective alternative because it would mean that existing outpatient services identified in this proposal would continue to operate in space that is not sufficient to meet the current and projected demands of residents of Chowan and surrounding counties. Maintaining the status quo would also continue to produce a backlog of patients waiting to be seen by a provider, potential of a medical condition worsening as a result of a patient being unable to be scheduled for treatment, unnecessary financial burdens on families with limited resources who may choose to drive outside the service area for treatment, prohibit the hospital from hiring additional staff to meet the needs of the community due to no available treatment space for staff to practice, limited accessibility due to rehabilitation services being located outside the main hospital and compromised patient/employee confidentiality due to the proximity of rehabilitation services to high traffic areas such as human resources. All of these factors can significantly impact quality of care provided to the patient and employee satisfaction/job retention.
- The second alternative was to construct a new freestanding outpatient building; however, this alternative was not deemed to be an effective alternative because it would be the most costly alternative. The applicant states that construction of a freestanding building would have been significantly higher than the renovation costs presented in this application.
- Alternative three, was deemed to be the most effective alternative which is to renovate existing vacated space to expand outpatient services and is also the least cost alternative to address the space needs at Vidant Chowan Hospital. Furthermore, the application is conforming with all other applicable statutory criteria. There are no regulatory review criteria

applicable to this review. 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. East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital, Inc. shall materially comply with all representations made in its certificate of need application and in the supplemental information requested by the Certificate of Need Section. In those instances where representations conflict, East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital, Inc. shall materially comply with the last-made representation.**
 - 2. East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital, Inc. shall de-license 40 skilled nursing facility beds for a total bed complement of 49 acute care beds.**
 - 3. East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan 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 which would otherwise require a certificate of need.**
 - 4. East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan 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.

C

In Section VIII.11, page 67, the applicant projects the total capital cost for the project will be \$4,992,200, comprised as follows:

- \$38,000 for site costs;
- \$3,654,000 for construction costs;
- \$1,300,200 for miscellaneous costs.

In Section VIII.3, page 63, the applicant states that the capital cost will be financed with accumulated reserves of Vidant Health and Vidant Chowan Hospital. In Section IX, page 68, the applicant states that there will be no start up or initial operating expenses.

Appendix O contains a letter from the Chief Financial Officer for Vidant Health and the Vice President of Finance and Operations for Vidant Community Hospitals that states, “*VH and VCOM will commit \$4,992,200 in accumulated reserves to Vidant Chowan Hospital (VCHO) on order to renovate vacated space within the existing facility for the purpose of expanding existing outpatient services.*” Appendix P contains audited financial statements for University Health Systems (UHS) of Eastern Carolina, Inc. As of September 30, 2011, UHS had \$1,570,917,000 in total assets, \$694,310,000 in total net assets (total assets less total liabilities) and \$152,580,000 in cash and cash equivalents. The applicant adequately demonstrated the availability of sufficient funds for the capital needs of the project.

In the projected revenue and expense statement, the applicant projects that revenues for the entire hospital will exceed total operating expenses for the entire hospital in each of the first three years of operation. In Section X, Form D, pages 88-92, the applicant provides projected average charges for each outpatient service component (physical therapy, occupational therapy, speech therapy, outpatient specialty clinic and behavioral health) for the first three project years. The table below summarizes the proformas for each service component for the proposed project.

	Project Year 1 10/01/14 to 9/30/15	Project Year 2 10/01/15 to 9/30/16	Project Year 3 10/01/16 to 9/30/17
Physical Therapy			
Gross Patient Revenue	\$2,931,845	\$3,143,545	\$3,363,120
Contractuals	\$1,681,184	\$1,802,578	\$1,928,487
Net Revenue	\$1,444,725	\$1,535,032	\$1,628,698
Expenses	\$867,821	\$899,611	\$932,424
Net Operating Revenue	\$576,904	\$635,421	\$696,274
Occupational Therapy			
Gross Patient Revenue	\$549,297	\$580,422	\$612,921
Contractuals	\$328,260	\$346,860	\$366,282
Net Revenue	\$296,205	\$308,730	\$321,807
Expenses	\$450,505	\$462,289	\$474,417
Net Operating Revenue	(\$154,300)	(\$153,559)	(\$152,609)
Speech Therapy			
Gross Patient Revenue	\$463,214	\$494,487	\$523,718
Contractuals	\$248,474	\$265,250	\$280,929
Net Revenue	\$238,024	\$252,522	\$266,073
Expenses	\$274,215	\$282,575	\$290,840
Net Operating Revenue	(\$36,191)	(\$30,053)	(\$24,767)
Outpatient Specialty Clinic			
Gross Patient Revenue	\$1,858,238	\$2,034,471	\$2,185,590
Contractuals	\$1,128,764	\$1,235,815	\$1,327,611
Net Revenue	\$729,473	\$798,656	\$857,979
Expenses	\$669,651	\$694,082	\$716,738
Net Operating Revenue	\$59,823	\$104,574	\$141,242
Behavioral Health			
Gross Patient Revenue	\$371,414	\$420,937	\$476,974
Contractuals	\$229,952	\$260,614	\$295,307
Net Revenue	\$141,462	\$160,324	\$181,666
Expenses	\$439,105	\$473,872	\$491,490
Net Operating Revenue	(\$297,644)	(\$313,549)	(\$309,824)
Total Roll-Up	148,592	\$242,835	\$350,315

In Section X, page 69, the applicant states,

“As Form C in this section of this application shows, the services proposed in this application do not generate a significant amount of revenue for the hospital. Primarily the proposed project is being developed to meet hospital ‘mission’ objectives that focus on meeting the local care needs of the residents in VCHO’s service area. VCHO researched several alternatives to the proposed project, and the project as proposed yields the needed capacity to expand rehabilitation, behavioral health and outpatient specialty clinic services at the lowest possible capital requirement. Therefore, the proposed

project costs balanced against the benefits to patients, community, physicians and staff yield significant value. The proposed location was determined to be the least capital intensive location, allowed for use of existing support, administrative, and ancillary staff and services to reduce duplication, and allowed for operational efficiencies. All of these will help contain the costs of offering the proposed services.”

In the Statement of Revenues and Expenses for the entire facility (Form B) the applicant projects positive net income from operations in each of the first three years following project completion. See Section X of the application for the pro formas and assumptions. In summary, the applicant adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. 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

Vidant Chowan Hospital is the only hospital in Chowan County and only one of two in a six county area (Gates, Chowan, Perquimans, Pasquotank, Camden and Currituck Counties) on the north side Albemarle Sound. The applicant proposes to renovate vacated space to expand existing outpatient services at Vidant Chowan Hospital. The applicant stated throughout its application that existing outpatient services are all operating in space too small to handle both current and projected demand in the service area (Chowan and surrounding counties). The applicant does not anticipate any change in projected patient origin from what has historically been seen at the facility. No new services will be offered. Vidant Chowan Hospital adequately demonstrates that it is more cost effective to renovate existing space to expand outpatient services in order to meet the need of patients who are on waiting list due to capacity constraints at the existing facility, those whose medical condition maybe worsening from not undergoing treatment in a timely manner and those patients traveling outside the service area for treatment. The proposed project will allow Vidant Chowan Hospital to hire additional staff to meet patient demand, increase utilization, improve quality of care, improve patient satisfaction, improve employee satisfaction and job retention, and improve efficiency and effectiveness of hospital staff. The applicant adequately demonstrates the need to expand existing outpatient services. Projected utilization is based on reasonable, credible, and supported assumption. A description of the methodologies used to project utilization is provided in Section IV, pages 35-40. A summary can be found in response to Criterion (3) of the findings regarding projected utilization and is incorporated as if fully set forth herein. The applicant adequately demonstrates that the proposal will not result in the unnecessary

duplication of existing or approved health service capabilities or facilities, and therefore the application is conforming to 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.

C

In Section VII.1, page 56-57, the applicant provides projected staffing for all the service components (PT, OT, SLT, Behavioral Health Services and Outpatient Specialty Clinics) for the second full fiscal year following completion of the project as shown in the following table.

Position Title	Current FTEs	Additional FTEs	Projected FTEs OY 2—2016
Physical Therapy			
Physical Therapist	2.00	1.00	3.00
Physical Therapy Assistant	2.00		2.00
Manager	0.25		0.25
Administrative Assistant	0.34		0.34
Total	4.59	1.00	5.59
Occupational Therapy			
Occupational Therapist	1.00	1.00	2.00
Occupational Therapy Assistant	1.00		1.00
Manager	0.50		0.50
Administrative Assistant	0.33		0.33
Total	2.83	1.00	3.83
Speech Therapy			
Speech Language Pathologist	1.50		1.50
Manager	0.25		0.25
Administrative Assistant	0.33		0.33
Total	2.08		2.08
Outpatient Specialty Clinic			
Manager	0.50		0.50
Assistant Manager	0.50		0.50
RNs	2.50		2.50
Medical Office Assistant	1.00		1.00
LPN		1.00	1.00
Administrative Assistant		1.00	1.00
Total	4.50	2.00	6.50
Behavioral Health			
Department Manager	0.00		0.00
Therapist	1.00		1.00
Administrative Assistant	1.00		1.00
Transporter	1.00		1.00
Total	3.00		3.00
GRAND TOTAL	17.00		21.00

In Section VII.6, pages 59-60, the applicant describes its experience in the recruitment and retention of staff. In Section VII.8, page 61, the applicant identifies the Chief of Staff at Vidant Chowan Hospital. Appendix I contains a letter from the Chief of Staff stating his intent to continue to serve in this capacity. In Section VII.3, page 92, the applicant states that they do not anticipate having difficulty recruiting staff for the proposed project. 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.

C

In Section II.2 pages 13-14, the applicant states all necessary ancillary and support services required for efficient and effective utilization of the proposed project are already in place. These support services include “*Lab, pharmacy, EKG and radiology (diagnostic, CT, MRI, ultrasound, etc.)*.” Existing staff will provide billing, transcription, patient transport, quality and safety, material services, housekeeping, maintenance, security, scheduling, reception, and health information management. In Section VI.9, page 51, the applicant states that the hospital has transfer agreements with existing health care providers. Appendix H contains an example of a transfer agreement. In Appendix I, the applicant provides nine letters of support from physicians (4) and members of the community (5). The applicant adequately demonstrated that the necessary ancillary and support services would be available and that the proposed services would be coordinated with the existing health care system. Therefore, the application is conforming to 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;

C

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 for Chowan county and statewide.

	2012 Total # of Medicaid Eligibles as % of Total Population *	2012 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *	2012 % Uninsured (Estimate by Cecil G. Sheps Center) *
Chowan County	23.0%	10.7%	20.8%
Statewide	17.0%	6.7%	19.7%

* More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. 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 of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% 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.

In Section VI.2(a-f), page 42, the applicant states,

“No persons shall be excluded from the service of the hospital on the ground of race, sex, age, creed, handicapped status, or ability to pay.”

In Sections, VI.12 and VI.13, pages 52-53, the applicant provides the current payor mix for the entire facility and each service component for FY2011 at Vidant Chowan Hospital, as show below.

	<i>Entire Facility</i>	<i>Physical Therapy</i>	<i>Occupational Therapy</i>	<i>Speech Therapy</i>	<i>OP Spec Clinic</i>	<i>Behavioral Health</i>
<i>Commercial</i>	1.2%	3.0%	2.2%	2.6%	1.4%	0.0%
<i>Medicaid</i>	8.9%	10.7%	7.6%	24.5%	9.7%	5.4%
<i>Medicare</i>	68.2%	59.6%	74.5%	51.6%	67.7%	93.7%
<i>Managed Care</i>	17.3%	21.4%	12.2%	19.1%	17.9%	0.0%
<i>Other</i>	2.4%	3.4%	1.2%	0.8%	1.0%	0.9%
<i>Self Pay</i>	1.9%	1.8%	2.3%	1.4%	2.3%	0.0%
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The applicant demonstrates that medically underserved populations currently have adequate access to services offered at Vidant Chowan Hospital. 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.11, page 52, the applicant states,

“VCHO has fulfilled its required volume of uncompensated care services in compliance with Hill-Burton regulations.”

In Section VI.10, page 51, the applicant states there have been no civil rights complaints filed against Vidant Chowan Hospital 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, pages 53-54, the applicant provides the projected payor mix for the entire facility and each service component in the second operating year (FY 2016) following project completion, as shown in the following table.

	<i>Entire Facility</i>	<i>Physical Therapy</i>	<i>Occupational Therapy</i>	<i>Speech Therapy</i>	<i>OP Spec Clinic</i>	<i>Behavioral Health</i>
<i>Commercial</i>	1.2%	3.0%	2.2%	2.6%	1.4%	0.0%
<i>Medicaid</i>	8.9%	10.7%	7.6%	24.5%	9.7%	5.4%
<i>Medicare</i>	68.2%	59.6%	74.5%	51.6%	67.7%	93.7%
<i>Managed Care</i>	17.3%	21.4%	12.2%	19.1%	17.9%	0.0%
<i>Other</i>	2.4%	3.4%	1.2%	0.8%	1.0%	0.9%
<i>Self Pay</i>	1.9%	1.8%	2.3%	1.4%	2.3%	0.0%
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In Section VI.2, page 47, the applicant states, “No patient is denied access to non-elective care at VCHO based on race, color, creed, age, sex, national origin, religion, disability status, sexual preference, source of payment for care or lack of medical insurance.” Appendix K contains Vidant Chowan Hospital’s Charity Care Policy which describes how the facility plans to ensure access to its services by indigent and other medically underserved persons. The applicant demonstrated that medically underserved populations will have adequate access to the outpatient services provided at Vidant Chowan Hospital. Therefore, the application is conforming to this criterion.

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

C

In Section VI.9, page 51, the applicant states that all patients will have access to Vidant Chowan Hospital through physician referrals, direct contact, or referrals from other health care providers. Appendix H includes a list of facilities with which Vidant Chowan Hospital has transfer agreements. The information provided in Section VI.9 is reasonable and credible. Therefore, the application is conforming to this criterion.

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

C

In Section V.1, page 41, the applicant discusses existing clinical training affiliations and provides a list of training programs with which agreements are in place. Appendix G contains an example of an existing training agreement. The applicant states that Vidant Chowan Hospital will continue to be available to

students in all of these existing training programs as needed. The applicant adequately demonstrated that the proposed services accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming 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 Section V.7, pages 45-46, in which Vidant Chowan Hospital discusses how the proposed project will foster competition by promoting cost-effectiveness, quality and access to outpatient services. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition include a positive impact on cost-effectiveness, quality and access to acute care services in Chowan County and surrounding counties (Perquimans, Washington, Tyrell, Bertie, and Pasquotank). The following conclusions are based on a review of the information in Sections II, III, V, VI and VII and the Pro Formas:

- ◆ The applicant adequately demonstrates the need to renovate existing vacated space to expand outpatient services and that it is a cost-effective alternative;
- ◆ The applicant proposes to provide quality services; and states:

“VCHO 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.”*

- ◆ The applicant proposes to provide adequate access to medically underserved populations.

“As a critical access hospital, VCHO provides services to the local community that are key to maintaining health and treating health conditions. Outpatient services are especially important in the era of health care reform, and allow for the provision of care in a less costly setting that is also more convenient and accessible to the patient:

Outpatient rehabilitation is geared toward assisting individuals in restoring and maintaining functioning that can lead to fewer associated medical complications and avoid more costly levels of care in the future. By providing these services in the community, VCHO assures access to those who may not be able to travel to receive care.

Outpatient behavioral health services, much like outpatient rehabilitation referenced above, are aimed toward maintaining individuals in the community and avoiding costly and restrictive institutional care. By definition, this is a population that may be less amenable to the stress of travel outside the local area, and therefore provision of these outpatient services by VCHO is key to maintaining challenged persons within the community.

Outpatient specialty clinics are strong resources, and in many cases the only sources of these levels of specialty care in the local area. These resources provide ongoing care to patients with a variety of health challenges with the goal of avoiding hospitalization where possible. Those unable or unwilling to travel due to medical or socioeconomic conditions can receive these services in an accessible setting.

The proposed project will provide continued, crucial services and maintain and enhance quality, reduce patient costs, increase patient access to the latest advancements in medicine, and improve patient capabilities. All of the above examples will promote cost effectiveness, quality and access to services and ultimately foster competition in eastern NC.”

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.

East Carolina Health – Chowan, Inc. d/b/a Vidant Chowan Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations and is certified for Medicare and Medicaid participation. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred, within 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 on the hospital. 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.

NA