ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

Decision Date: July 9, 2015
Findings Date: July 9, 2015

Project Analyst: Fatimah Wilson
Team Leader: Lisa Pittman

Project ID #: F-11003-15
Facility: Strategic Behavioral Center – Charlotte
FID #: 942936
County: Mecklenburg
Applicant(s): SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte
Project: Transfer 24 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 for a total of 24 child/adolescent inpatient psychiatric beds and 36 psychiatric residential treatment facility beds upon project completion

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Agency 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

The applicant, SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte (SBC – Charlotte) proposes to relocate 24 inpatient psychiatric (IP) beds from Broughton Hospital pursuant to policy PSY-1 in the 2015 State Medical Facilities Plan (2015 SMFP). SBC – Charlotte currently operates a 60-bed psychiatric residential treatment facility (PRTF) in Charlotte, Mecklenburg County. The 24 inpatient psychiatric beds to be relocated will serve children and adolescent (C/A) patients. SBC – Charlotte proposes to decrease its PRTF beds from 60 to 36 and replace 24 PRTF beds with the transferred IP psychiatric beds. The proposed changes include designating an entire wing of the facility as a self-contained C/A IP

psychiatric unit. The proposed project will result in SBC – Charlotte having 24 C/A IP psychiatric beds and 36 PRTF beds.

Need Determination

The proposed project does not involve the addition of any new inpatient psychiatric beds or any other services or equipment for which there is a need determination in the 2015 SMFP. Therefore, there are no need determinations in the 2015 SMFP applicable to this review.

Policies

There are two policies in the 2015 SMFP which are applicable to this review, Policy MH-1: *Linkages Between Treatment Settings* and Policy PSY-1: *Transfer of Beds From State Psychiatric Hospitals to Community Facilities*.
Policy MH-1 states:

> *"An applicant for a certificate of need for psychiatric, substance abuse or intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services."*

In Section I.12, page 6 and Section II.12, page 20, the applicant states that SBC – Charlotte has contracts with the following LMEs (Local Management Entities) – MCOs (Managed Care Organizations) for psychiatric residential treatment services:

- Alliance Behavioral Healthcare
- CenterPoint Human Services
- Eastpointe
- Sandhills Center

In Exhibit 24, the applicant provides its contract with the Sandhills Center. In supplemental information, the applicant provides contracts it has with Alliance Behavioral Healthcare and Eastpointe. In supplemental information the applicant states that SBC – Charlotte no longer has a PRTF contract with CenterPoint Human Services, but will secure an acute psychiatric contract with approval of the certificate of need (CON) application. The application is conforming with Policy MH-1.

Policy PSY-1 states:

> *"Beds in the state psychiatric hospitals used to serve short-term psychiatric patients may be relocated to community facilities through the certificate of need process. However, before beds are transferred out of the state psychiatric hospitals, services and programs shall be available in the community. State psychiatric hospital beds that are relocated to community facilities shall be closed*

within 90 days following the date the transferred beds become operational in the community.

Facilities proposing to operate transferred beds shall submit an application to the Certificate of Need Section of the North Carolina Department of Health and Human Services and commit to serve the type of short-term patients normally placed at the state psychiatric hospitals. To help ensure that relocated beds will serve those people who would have been served by the state psychiatric hospitals, a proposal to transfer beds from a state hospital shall include a written memorandum of agreement between the local management entity-managed care organization serving the county where the beds are to be located, the secretary of the North Carolina Department of Health and Human Services, and the person submitting the proposal."

In Section I.1, pages 6-7 and Section II.12, page 20, the applicant states,

"SBC-Charlotte is not currently contracted with the MCOs for acute inpatient services because SBC-Charlotte currently does not have a license for acute inpatient services. Upon the successful transfer of 24 C/A IP psych beds, SBC-Charlotte will add acute inpatient services to the contracts listed above as well as pursue contracts with the remaining MCOs in the State of North Carolina. SBC-Charlotte does have formal support from Cardinal Innovations Healthcare Solutions for the proposed 24 C/A IP psych beds as evidenced by the Policy PSY-1 Bed Transfer MOA."

In Exhibit 4, the applicant provides a signed memorandum of agreement (MOA) between SBC – Charlotte, Cardinal Innovations Healthcare Solutions, the Department of Health and Human Services (DHHS) and the Division of Mental Health (DMH) for the transfer of IP psychiatric beds from Broughton Hospital to SBC-Charlotte.

Application pages 6-7 and 20, the signed MOA provided in Exhibit 4, the signed LME-MCO contract in Exhibit 24 and the signed LME – MCO contracts provided in supplemental information adequately document the following:

- The LME has been contacted and invited to comment on the proposal;
- The Department of Health and Human Services has agreed to close the 24 psychiatric beds at Broughton Hospital within 90 days following the transfer of the beds to SBC – Charlotte;
- SBC – Charlotte has committed to serve the type of short-term psychiatric patients normally placed at the state psychiatric hospitals; and
- A written memorandum of agreement between the LME, the Department of Health and Human Services and SBC – Charlotte.

Consequently, the application is consistent with Policy PSY-1.

Conclusion

In summary, the application is consistent with Policy MH-1 and Policy PSY-1. 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

The applicant, SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte (SBC – Charlotte) proposes to relocate 24 inpatient psychiatric (IP) beds from Broughton Hospital pursuant to policy PSY-1 in the 2015 State Medical Facilities Plan (2015 SMFP). SBC – Charlotte currently operates a 60-bed psychiatric residential treatment facility (PRTF) in Charlotte, Mecklenburg County. The 24 inpatient psychiatric beds to be relocated will serve children and adolescent (C/A) patients. SBC – Charlotte proposes to decrease its PRTF beds from 60 to 36 and replace 24 PRTF beds with the transferred IP psychiatric beds. The proposed changes will include designating an entire wing of the hospital as a self-contained C/A IP psychiatric unit. The proposed project will result in SBC – Charlotte having 24 C/A IP psychiatric beds and 36 PRTF beds.

Population to be Served

On page 368, the 2015 SMFP defines the service area for inpatient psychiatric beds as *"the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located."* Thus, the service area consists of Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Mecklenburg, Orange, Person, Rowan, Stanly, Union, Vance and Warren counties. Facilities may serve residents of counties not included in their service area.

In Section III.4, page 58, the applicant states,

"SBC – Charlotte does not currently offer C/A IP psych services. …"

In Section III.5(a), page 59, the applicant provides the projected patient origin for C/A IP psychiatric services for the first two full operating years, following project completion, as illustrated in the table below.

County	Operating Year One		Operating Year Two	
	# of Patients	% of Total	# of Patients	% of Total
Primary Service Area				
Mecklenburg	112	16.9%	114	16.9%
Rowan	61	9.2%	62	9.2%
Union	57	8.5%	57	8.5%
Davidson	51	7.6%	51	7.6%
Cabarrus	40	6.0%	40	6.0%
Stanly	20	3.0%	20	3.0%
Secondary Service Area				
Catawba	82	12.3%	83	12.3%
Iredell	41	6.1%	41	6.1%
Gaston	33	5.0%	34	5.0%
Lincoln	9	1.3%	9	1.3%
Extended Service Area				
McDowell	31	4.7%	32	4.7%
Cleveland	17	2.5%	17	2.5%
Burke	16	2.4%	16	2.4%
Swain	13	2.0%	13	2.0%
Caldwell	9	1.4%	9	1.4%
Haywood	9	1.3%	9	1.3%
Yadkin	9	1.3%	9	1.3%
Wilkes	8	1.2%	8	1.2%
Watauga	5	0.8%	5	0.8%
Rutherford	5	0.8%	5	0.8%
Macon	5	0.8%	5	0.8%
Alexander	5	0.7%	5	0.7%
Henderson	5	0.7%	5	0.7%
Surry	4	0.6%	4	0.6%
Transylvania	4	0.6%	4	0.6%
Yancey	3	0.5%	3	0.5%
Jackson	3	0.4%	3	0.4%
Madison	3	0.4%	3	0.4%
Cherokee	2	0.3%	2	0.3%
Clay	2	0.3%	2	0.3%
Ashe	1	0.2%	1	0.2%
Buncombe	1	0.1%	1	0.1%
Graham	1	0.1%	1	0.1%
Total	**665 [667]**	**100.0% [99.9%]**	**672 [673]**	**100.0% [99.9%]**

Note: Totals do not foot because of rounding (stated in supplemental information)

In Section III.5, pages 60-61, the applicant states,

> *"SBC – Charlotte does not have a historical patient origin for C/A IP psych services as it currently does not offer C/A IP psych services, however, SBC – Charlotte used the following assumptions in determining its proposed service area:*

As SBC – Charlotte states in Section III.1, over 7,400 C/A IP psych days of care from the 37-county Broughton Hospital service area were provided by facilities east of Durham [Orange] *County, with 5,664 days of care origination from SBC – Charlotte's proposed primary and secondary service areas.*

As such, SBC – Charlotte proposes to serve the 37-county Broughton Hospital service area with 6-county primary service area and a 4-county secondary service area. …"

In supplemental information, the applicant explains why it is projecting to serve the same 37 counties as Broughton Hospital. The applicant states,

"SBC – Charlotte is located within the state-defined, 37-county Broughton Hospital service area. SBC – Charlotte proposes to serve a six county primary service area that is comprised of the southern counties within the Cardinal Innovations LME-MCO, as well as a four county secondary service area that is comprised of counties adjacent to Mecklenburg County."

The applicant adequately identifies the population proposed to be served.

Analysis of Need

In Section III.1(a), page 33, the applicant states,

"In determining the need/demand for the proposed project, SBC – Charlotte reviewed and analyzed the following:

1. *Service Area Population Growth Trends*
   a. *Mecklenburg County*
   b. *Primary Service Area*
2. *Emergency Department Wait Times for State Psychiatric Hospital Admission*
3. *Child/Adolescent Psychiatric Inpatient Services*
   a. *Inpatient Days of Care Served Across the State*
   b. *Inpatient Referrals Made to SBC – Raleigh and SBC – Wilmington*
4. *North Carolina Youth Risk Behavior Survey*
5. *Factors Cited by the State of North Carolina*
6. *2015 State Medical Facilities Plan Need Determination and the Existing Child/Adolescent Psychiatric Bed Need Methodology*
7. *Change in Non-State Hospital Days of Care vs. State Hospital Days of Care"*

Each factor is briefly described below.

Service Area Population Growth Trends

In Section III.1, page 34, the applicant identifies the primary, secondary and extended service area it proposes to serve for the proposed project. The applicant states that the service area is based on the 37 North Carolina counties served by Broughton Hospital in Burke County.

Mecklenburg County

In Section III.1, page 35, the applicant provides population growth trends for Mecklenburg County, the county where the facility is located. The applicant's population growth trends are based on North Carolina Office of State Budget and Management population projections. Mecklenburg County's under 18 population has experienced a 5.5% growth rate from 2010 to 2014 and is projected to continue to grow at 4.9% from 2014 to 2018.

Primary Service Area

In Section III.1, page 36, the applicant provides population growth trends for the primary service area previously identified. The applicant's population growth trends are based on North Carolina Office of State Budget and Management population projections. The primary service areas under 18 population has experienced a 1.8% growth rate from 2010 to 2014 and is projected to continue to grow at 2% from 2014 to 2018.

Emergency Department Wait Times

In Section III.1, pages 37-38, the applicant provides emergency department wait times for two of the three state psychiatric hospitals, Broughton Hospital, a 297-bed facility located in Burke County serving 37 counties in the western portion of the state and Central Regional Hospital, a 398-bed facility located in Granville County serving 25 counties in the central portion of the state. In supplemental information, the applicant states that the wait time data for Cherry Hospital was omitted from the table on page 37 because no patients from the western three identified LME-MCOs were referred to Cherry Hospital. However for information purposes, the applicant provides the average waiting time for referral to a state hospital for persons in emergency departments in Exhibit 17. The applicant states that patients are referred to these three hospitals on a daily basis, but the IP beds are often full or unable to accommodate a referred patient at the initial time of referral. As a result, patients often have to remain within an acute care hospital's emergency department until an IP psychiatric bed becomes available.

Child/Adolescent Psychiatric IP Services

In Section III.1, pages 39-41, the applicant provides the total number of beds at local C/A IP psychiatric facilities statewide, the inpatient days of care for psychiatric services in the applicant's identified primary service area and the unaccommodated referrals for IP psychiatric services in the applicant's identified primary, secondary and extended service area. The applicant discusses how the need for C/A IP psychiatric services are not being adequately met locally, the number of C/A IP psychiatric days of care being provided at facilities that are not local to the patient's residence and the number of referrals that are not being accommodated for in the applicant's identified service area.

North Carolina Youth Risk Behavior Survey

In Section III.1, pages 42-43, the applicant provides data from the North Carolina Youth Risk Behavior Survey for both middle school and high school students for 2013. This survey consists of questions that help assess behaviors in youth that impact their health now and in the future. On page 43, the applicant provides tables of student responses to specific questions/topics and states,

> *"The previous tables show that as middle school students enter high school there is an increase in sadness and hopelessness that leads to an increase in considering, planning, and attempting suicide. These feeling* [sic] *decrease as the student enters his or her sophomore year, but then increase as they enter junior and senior year. These survey results, even if they are inflated, would show that middle and high schools students in North Carolina are experiencing personal situations that cause them problem* [sic] *with their mental health and that can lead to both outpatient and inpatient psychiatric services."*

Factors Cited by the State of North Carolina

In Section III.1, page 44, the applicant states:

> *"DHHS Secretary Aldona Wos announced today the McCrory Administration's Crisis Solutions Initiative, a new statewide effort to improve mental health and substance abuse crisis services in North Carolina. This initiative will bring healthcare, government, law enforcement, and community leaders together to identify help for individuals experiencing a mental health or substance abuse crisis so they receive the most effective care."*

The applicant states that it believes that the transfer of 24 C/A IP psychiatric beds from Broughton Hospital to SBC – Charlotte will aid in addressing the issues previously discussed in Section III, as well as the problems identified by the North Carolina Department of Health and Human Services (DHHS) mentioned on pages 44-45.

2015 SMFP and the Existing C/A Psychiatric Bed Need Methodology

The 2015 SMFP, Table 15C(1) *Child/Adolescent Psychiatric Inpatient Bed Need Determinations*, page 374, identifies a need for 46 additional C/A IP psychiatric beds in North Carolina. Exhibit 4 contains a signed MOA between SBC – Charlotte, Cardinal Innovations, the LME-MCO for Mecklenburg County, DHHS and DMH for the transfer of 24 IP psychiatric beds from Broughton Hospital to SBC-Charlotte.

In Section III.1, pages 46-51, the applicant discusses the C/A psychiatric bed need methodology in the 2015 SMFP. The 2015 SMFP projects there will be a 17-bed surplus for C/A psychiatric beds in 2017 in the applicant's LME-MCO. However, the applicant recalculated this projection and identifies that there will actually be a deficit of 9 C/A psychiatric beds in 2017. The applicant states that a projected deficit of beds would further

support the demand for C/A IP psychiatric beds in the proposed service area the applicant identified. See the section and page numbers referenced above for discussion.

Changes in State Hospital Days of Care vs. Non-State Hospital Days of Care

In Section III.1, pages 52-53, the applicant discusses the changes in IP psychiatric days of care for both state and non-state hospitals. On page 52 and clarified in supplemental information, the applicant states that the number of state hospital IP psychiatric days of care have decreased by 156,950 days or from a high of 437,270 days in 2004 to 280,320 days in 2013, a decrease of 35.9%. However, the number of non-state hospital IP psychiatric days of care have increased by 211,698 days or from a low of 299,217 days in 2004 to 510,915 days in 2013, a increase of 70.8%.

Projected Utilization

As previously stated, the applicant does not currently have any historical C/A IP psychiatric utilization on which to base projected utilization because it does not currently provide IP psychiatric services. In Section IV.1, page 65, the applicant provides projected utilization for the first three years of the project, as shown in the table below.

	First Full Fiscal Year CY2016	**Second Full Fiscal Year CY2017**	**Third Full Fiscal Year CY2018**
# Licensed IP Psychiatric Beds	24	24	24
Total # of Patients Admitted	665	672	672
Total # of Patient Days of Care	7,980	8,064	8,064
Average Length of Stay (ALOS)	12	12	12
Total # Patients Readmitted	16	16	16
ADC	21.9	22.1	22.1
% Occupancy	91%	92%	92%

In Section IV.1, page 63, the applicant describes its assumptions and methodology used to project utilization of C/A IP psychiatric beds. On page 63, the applicant states,

- *"For C/A IP psych utilization please reference Section III.1*
- *Tracking and analyzing historical admission data, referral calls and bed availability for our currently operating C/A IP psych beds at SBC – Raleigh and SBC – Wilmington*
- *Readmissions projections are based off of the readmission rate of 2.4% over the prior six months on C/A IP psych units at SBC – Raleigh and SBC – Wilmington*
- *Additionally, we identified twelve (12) days as the average length of stay based off of the ALOS reported from SBC – Raleigh and SBC – Wilmington*

for the prior 6 months. The ALOS for C/A IP psych services has experienced a slight rise due to outliers experiencing placement issues.

- *We believe that the demand for C/A IP psych services would support a full utilization immediately; however the ramp up schedule is based off of the pace at which we are comfortable operationally as well as our ramp up experience in the C/A IP psych units at SBC – Raleigh and SBC – Wilmington"*

On page 65, the applicant provides, by quarter the projected utilization for the first three years of the project, as shown in the table below.

1st Full Fiscal Year 1/16 to 12/16					
	1st Quarter 1/16 to 3/16	**2nd Quarter 4/16 to 6/16**	**3rd Quarter 7/16 to 9/16**	**4th Quarter 10/16 to 12/16**	**Total**
# of Beds	24	24	24	24	24
# of Patients	161	168	168	168	665
# of Patient Days of Care	1,932	2,016	2,016	2,016	7,980
Average Length of Stay	12	12	12	12	12
# of Readmits	4	4	4	4	16
Average Daily Census	21.5	22.2	21.9	21.9	21.9
% Occupancy	89.0%	92%	91%	91%	91%
2nd Full Fiscal Year 1/17 to 12/17					
	1st Quarter 1/17 to 3/17	**2nd Quarter 4/17 to 6/17**	**3rd Quarter 7/17 to 9/17**	**4th Quarter 10/17 to 12/17**	**Total**
# of Beds	24	24	24	24	24
# of Patients	168	168	168	168	672
# of Patient Days of Care	2,016	2,016	2,016	2,016	8,064
Average Length of Stay	12	12	12	12	12
# of Readmits	4	4	4	4	16
Average Daily Census	22.4	22.2	21.9	21.9	22.1
% Occupancy	93%	92%	91%	91%	92%
3rd Full Fiscal Year 1/18 to 12/18					
	1st Quarter 1/18 to 3/18	**2nd Quarter 4/18 to 6/18**	**3rd Quarter 7/18 to 9/18**	**4th Quarter 10/18 to 12/18**	**Total**
# of Beds	24	24	24	24	24
# of Patients	168	168	168	168	672
# of Patient Days of Care	2,016	2,016	2,016	2,016	8,064
Average Length of Stay	12	12	12	12	12
# of Readmits	4	4	4	4	16
Average Daily Census	22.4	22.2	21.9	21.9	22.1
% Occupancy	93%	92%	91%	91%	92%

As shown in the above table, the applicant projects a utilization rate of 92% by the end of the fourth quarter of the second operating year which exceeds the performance standard for 10A NCAC 14C .2603(b). The applicant's projected utilization is based on reasonable and

adequately supported assumptions. Therefore, the applicant adequately demonstrates the need to transfer 24 IP psychiatric beds for C/A from Broughton Hospital to SBC – Charlotte.

As previously stated, need for the proposed project is based on C/A population growth in the applicant's identified service area, emergency department wait times for admission to an IP psychiatric bed, increase in days of care in non-state psychiatric hospitals, C/A IP psychiatric referrals to non-state psychiatric facilities, results of the most recent North Carolina Youth Risk Behavior Survey, North Carolina's Mental Health Crisis Solution Initiative and a projected deficit of C/A psychiatric beds in the applicant's LME-MCO.

Access

In Section VI.2, page 71, the applicant states that SBC – Charlotte will provide essential services to C/A psychiatric patients regardless of their income, ability to pay, gender, racial or ethnic background, or disability. The applicant also states that admission to SBC – Charlotte programs are based on clinical and medical necessity and does not take into consideration financial status, race, ethnicity or gender.

The applicant adequately demonstrates the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served and adequately demonstrates the need the population to be served has for the proposed project. Therefore, the application is conforming with this criterion, subject to the conditions identified in Criterion (4).

(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.

CA

In Section III.3, pages 55-57, the applicant states the following seven alternatives were considered:

- Maintain the Status Quo – The applicant concluded that this was not the most effective alternative because of the factors reviewed and analyzed in Section III.1, pages 33-54.

- Joint Venture – The applicant states this alternative is not feasible as the applicant is proposing to transfer beds to its existing facility.

- Construct a New Psychiatric Hospital – The applicant states that constructing a new psychiatric hospital would not be a cost effective alternative.

- Locate in Another County in the Broughton Hospital Service Area – The applicant states that developing the beds in another county within the Brought Hospital Service area would require construction of a new psychiatric hospital and would not be a cost effective alternative.

- Submit a CON Application for the Transfer of More or Less Beds – The applicant states that requesting a different amount of beds (more or less) was not a reasonable alternative based on its current facility sizes in Wake and Brunswick counties.

- Construct a Patient Wing at the SBC – Charlotte Facility – The applicant states that this alternative was not reasonable as the existing facility has available patient beds to accommodate the 24-beds proposed to transfer from Broughton Hospital.

- The Proposed Project – The applicant states that after considerable discussion over the last year, SBC – Charlotte decided that it would be in the best interest of patient care and financial feasibility to file the proposed project. The applicant states that its proposed project is the most feasible and most cost effective alternative.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that the proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall materially comply with all representations made in the certificate of need application and supplemental information. In those instances where representations conflict, SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall materially comply with the last-made representation.**

2. **SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall relocate no more than 24 inpatient psychiatric beds from Broughton Hospital for**

a total licensed bed complement of no more than 24 child and adolescent inpatient psychiatric beds and 36 psychiatric residential treatment facility beds.

3. **SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall de-license 24 psychiatric residential treatment facility beds upon completion of this project.**

4. **SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall accept patients requiring involuntary admission for inpatient psychiatric services.**

5. **SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and 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, page 89, the applicant states the total capital cost of the project is projected to be $10,500, including $5,500 for marketing and $5,000 for certificate of need (CON) fees. In Section IX, page 93, the applicant states there will be $45,792 in start-up expenses and $12,623 in initial operating expenses associated with the proposed project for a total working capital of $58,415. In Section VIII.2, page 90, the applicant states that the project will be funded by cash reserves of SBC – Charlotte. Exhibit 25 contains a March 2, 2015 letter signed by the President of Strategic Behavioral Health, LLC, which states:

"SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte is proposing the transfer of 24 inpatient child and adolescent psychiatric beds from Broughton Hospital to Strategic Behavioral Center – Charlotte pursuant to policy PSY-1 in the 2015 State Medical Facilities Plan. Please accept this letter as commitment that this project will be funded by cash accumulated earnings from operations. The combination of cash and net cash flow from existing operations are more than sufficient to provide the funding required for the project, which is estimated to be $68,915 ($10,500 in capital costs plus $58,415 in start-up and initial operating expenses)."

Exhibit 26 contains consolidated financial statements for Strategic Behavioral Health, LLC and Subsidiaries. As of December 31, 2013, Strategic Behavioral Health had $2,271,076 in cash and cash equivalents and $133,280,188 in total assets. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In Section XIII, pages 101-113, the applicant provides pro forma financial statements for the proposed IP psychiatric beds and the existing PRTF beds. In pro forma financial Forms B and C, the applicant projects that revenues will exceed operating expenses in each of the first three years of the project, as illustrated in the table below.

Form B Statement of Revenues and Expenses for Entire Facility			
	PY 1 CY 2016	**PY 2 CY 2017**	**PY 3 CY 2018**
Gross Patient Revenue	$19,054,800	$19,180,800	$19,180,800
Deductions from Gross Patient Revenue	$9,079,086	$9,162,018	$9,162,018
Net Patient Revenue	$9,975,714	$10,018,782	$10,018,782
Total Expenses	$8,628,609	$8,654,196	$8,654,196
Net Income	**$1,347,105**	**$1,364,586**	**$1,364,586**
Form C Statement of Revenues and Expenses for the Proposed IP Psychiatric Beds			
	PY 1 CY 2016	**PY 2 CY 2017**	**PY 3 CY 2018**
Gross Patient Revenue	$11,970,000	$12,096,000	$12,096,000
Deductions from Gross Patient Revenue	$7,879,178	$7,962,117	$7,962,117
Net Patient Revenue	$4,090,822	$4,133,883	$4,133,883
Total Expenses	$2,798,194	$2,839,663	$2,839,663
Net Income	**$1,292,628**	**$1,294,220**	**$1,294,220**

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the financial section of the application for the assumptions used regarding costs and charges. See Criterion (3) for discussion of utilization projections incorporated herein by reference. The applicant adequately demonstrates 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

The applicant, SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte (SBC – Charlotte) proposes to relocate 24 inpatient psychiatric (IP) beds from Broughton Hospital pursuant to policy PSY-1 in the 2015 State Medical Facilities Plan (2015 SMFP). SBC – Charlotte is an existing facility that currently operates a 60-bed psychiatric residential treatment facility (PRTF) in Charlotte, Mecklenburg County. The 24 inpatient psychiatric beds to be relocated will serve children and adolescent (C/A) patients. SBC – Charlotte proposes to decrease its PRTF beds from 60 to 36 and replace 24 PRTF beds with the IP

psychiatric beds. The proposed changes will include designating an entire wing of the facility as a self-contained C/A IP psychiatric unit. The proposed project will result in SBC – Charlotte having 24 C/A IP psychiatric beds and 36 PRTF beds.

On page 368, the 2015 SMFP defines the service area for inpatient psychiatric beds as *"the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located."* Thus, the service area consists of Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Mecklenburg, Orange, Person, Rowan, Stanly, Union, Vance and Warren counties. Facilities may serve residents of counties not included in their service area.

Chapter 15 pages 370-371 of the 2015 SMFP lists the inventory of C/A IP psychiatric beds statewide, excluding those in state hospitals, as shown in the table below:

Name of Facility	County	# of Beds	# of Pending C/A Beds	HSA
Veritas Collaborative	Durham	5	1	IV
Holly Hill	Wake	60		IV
SBC-Garner	Wake	20	12	IV
Alamance Regional	Alamance	8		II
UNC	Orange	18		IV
CMC-Center for Mental Health	Mecklenburg	22		III
Novant Health Presbyterian	Mecklenburg	20		III
NC Baptist Hospital	Forsyth	20		II
Old Vineyards	Forsyth	18		II
SBC-Leland	Brunswick	20		V
Brynn Marr	Onslow	42	18	VI
Caromont Regional	Gaston	27		III
Cone Behavioral Health	Guilford	30		II
Mission Hospital-Copestone Center	Buncombe	17		I
Total # of C/A Psych IP Beds		**327**	31	

Source: 2015 SMFP, 2015 Licensure Renewal Application, Findings for Project I.D. #P-111002-15

As illustrated in the table above, there are 327 C/A IP psychiatric beds, excluding beds in State Hospitals, in North Carolina. Only 69 (22 + 20 +27 = 69) or 21% (69 / 327 = 0.211) of the 327 beds are located in the applicant's identified primary and secondary service area. The closest facilities geographically to SBC - Charlotte are CMC-Center for Mental Health and Novant Health Presbyterian Medical Center (NHPMC), both located in Charlotte in Mecklenburg County and Caramont Regional, located in Gastonia in Gaston County. CMC is currently licensed for 22 beds, NHPMC is currently licensed for 20 beds and Caramont Regional is currently licensed for 27 beds. While all of these facilities are currently providing C/A IP psychiatric services in the applicant's identified primary and secondary service area, they all are located within acute care hospitals.

In Section III.1, pages 46-51, the applicant discusses the C/A psychiatric bed need methodology in the 2015 SMFP. The 2015 SMFP projects there will be a 17-bed surplus for C/A psychiatric beds in 2017. However, the applicant recalculated this projection and

identifies that there will actually be a deficit of 9 C/A psychiatric beds in 2017. The applicant states that a projected deficit of beds would further support the demand for C/A IP psychiatric beds. See the section and page numbers referenced above for discussion.

The proposed project does not involve the addition of any new inpatient psychiatric beds for which there is a need determination in the 2015 SMFP. Therefore, there are no need determinations in the 2015 SMFP applicable to this review. The applicant's proposed project will not alter the inventory of psychiatric beds in the service area identified in the 2015 SMFP, therefore, the applicant adequately demonstrates that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, 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.2, page 81, the applicant provides the projected number of full-time equivalent (FTE) positions for the entire facility for operating year two (2017) as illustrated in the table below.

Proposed IP and PRTF Staff – Operating Year Two	
Position	**Total #of FTE Positions**
Admissions	3.0
Billings	1.0
CEO	1.0
Community Liaison	1.0
Cooks	3.0
Director of Clinical Services	1.0
Director of Nursing	1.0
Drivers	1.0
Education Manager	1.0
Executive Administrative Assistant	1.0
Housekeepers	2.0
Intake Specialist	2.0
Marketing	1.0
Medical Records	1.0
Mental Technicians	16.9
Milieu Manager	2.4
Program Director	1.0
Receptionist	2.8
Recreational Therapist	2.0
Recreational Therapist Assistant	1.4
Registered Nurses	18.2
Resident Advisors	54.6
Risk Manager	1.0
Safety Officer	1.0
Teachers	4.0
Therapist	7.0
Utilization Review	2.0
Total	**134.3**

In Section VII.3, pages 83-85, the applicant describes SBC – Charlotte's experience and procedures for recruiting and retaining personnel. In Section VII.6, page 87, the applicant describes their training and continuing educational opportunities. In Section VII.8, page 88, the applicant identifies Dr. Devendra Shah as the Medical Director of SBC – Charlotte. Exhibit 16 contains a signed letter dated February 16, 2015 from Dr. Shah expressing his/her intent to continue as the Medical Director at SBC – Charlotte. Exhibit 16 also contains a copy of Dr. Shah's curriculum vitae. See Exhibit 15 for a list of the two board-certified psychiatrists on staff at SBC – Charlotte. The applicant demonstrates the availability of adequate health manpower and administrative 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.9, page 16, the applicant list the proposed providers of the necessary ancillary and support services. Exhibits 15 and 28 contains letters of support from area physicians and other health care providers. Exhibit 11 contains a signed transfer agreement with Carolinas Medical Center (CMC). The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare 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 (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

In supplemental information, the applicant provides the payer mix for the existing PRTF beds at the SBC-Charlotte facility during CY2014, as shown in the table below.

Payor	Patient Days as % of Total
	Current PRTF Beds
Medicaid	94.0%
Commercial Insurance	6.0%
Total	**100.0%**

*SBC-Charlotte does not currently operate IP psychiatric beds.

As shown in the table above, 94% of all PRTF days of care for C/A services in CY2014 were paid for by Medicaid.

The Division of Medical Assistance (DMA) maintains a website which provides the number of persons eligible for Medicaid in North Carolina, and estimates the percentage of uninsured people for each county. The following table illustrates those percentages for Mecklenburg County and statewide.

	2010 Total # of Medicaid Eligibles as % of Total Population *	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *	2008-2009 % Uninsured (Estimate by Cecil G. Sheps Center) *
Mecklenburg County	15%	5.1%	20.1%
Statewide	17%	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.

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 applicant's current payer mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities, handicapped persons or women utilizing health services.

The applicant demonstrated that medically underserved population currently have adequate access to the services offered at SBC-Charlotte. 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.10, page 78, the applicant states:

> *"SBC – Charlotte does not have any public obligations under applicable Federal Regulations or agreements to provide uncompensated care, community services, or access to care by medically underserved, minorities or handicapped persons."*

The applicant states on page 71, that SBC – Charlotte will provide essential services to children and adolescents regardless of the patient's income, ability to pay, gender, racial or ethnic background or disability. The applicant further states that SBC – Charlotte programs are based off of clinical and medical necessity and does not take into consideration financial status, race, ethnicity or gender does not discriminate based on race, religion, ethnicity, sex, age, handicap condition or a person's ability to pay. In Section VI.7, page 77 and referenced Exhibits, the applicant discusses SBC - Charlotte's charity care policy. In Section VI.9, page 78, the applicant states that no civil rights complaints were filed against SBC – Charlotte or any facilities or services owned, managed or operated by the parent company of the applicant in North Carolina in the last five years. Therefore, 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.12, page 79, the applicant provides the projected payor mix for SBC – Charlotte's IP beds during the second year of operation (CY2017), as illustrated in the table below.

Payor	Patient Days as % of Total	
	PRTF Beds	Proposed IP Psychiatric Beds
Medicaid	94.0%	78.0%
Commercial Insurance	6.0%	20.0%
Self Pay/Indigent/Charity	0.0%	2.0%
Total	**100.0%**	**100.0%**

As shown above, the applicant projects that 78% of all C/A IP psychiatric days of care will be provided to recipients of Medicaid. On page 79, the applicant states the methodology for calculating the projected payor mix takes into consideration the current and historic payor mix for C/A IP psychiatric services at SBC – Raleigh and SBC – Wilmington. In calculating payor mix projections, the applicant states that SBC – Charlotte also referred to NCHA reports as well as payor mix that has been reported on previous North Carolina CON applications.

The applicant demonstrates that medically underserved populations would have adequate access to the services offered at SBC - Charlotte. 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.8, page 77, the applicant describes the range of means by which a person will have access to SBC – Charlotte's services, including self-referral, physician referral, MCO referral, community based provider referral, community hospital referral, court referral, school referral and family referral. The applicant adequately demonstrates that the facility will offer a range of means by which patients will have access to inpatient psychiatric services. 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 61, the applicant states SBC – Charlotte has a professional training program agreement with the University of North Carolina Charlotte – MSW Program. Exhibit 20 contains a copy of a student learning agreement with the University of North Carolina – Charlotte. 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

The applicant, SBH – Charlotte, LLC d/b/a Strategic Behavioral Center – Charlotte (SBC – Charlotte) proposes to relocate 24 inpatient psychiatric (IP) beds from Broughton Hospital pursuant to policy PSY-1 in the 2015 State Medical Facilities Plan (2015 SMFP). SBC – Charlotte is an existing facility that currently operates a 60-bed psychiatric residential treatment facility (PRTF) in Charlotte, Mecklenburg County. The 24 inpatient psychiatric beds to be relocated will serve children and adolescent (C/A) patients. SBC – Charlotte proposes to decrease its PRTF beds from 60 to 36 and replace 24 PRTF beds with the relocated IP psychiatric beds. The proposed changes include designating an entire wing of the facility as a self-contained C/A IP psychiatric unit. The proposed project will result in SBC – Charlotte having 24 C/A IP psychiatric beds and 36 PRTF beds.

Chapter 15 pages 370-371 of the 2015 SMFP lists the inventory of C/A IP psychiatric beds statewide, excluding those in state hospitals, as shown in the table below:

Name of Facility	County	# of Beds	# of Pending C/A Beds	HSA
Veritas Collaborative	Durham	5	1	IV
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UNC	Orange	18		IV
CMC-Center for Mental Health	Mecklenburg	22		III
Novant Health Presbyterian	Mecklenburg	20		III
NC Baptist Hospital	Forsyth	20		II
Old Vineyards	Forsyth	18		II
SBC-Leland	Brunswick	20		V
Brynn Marr	Onslow	42	18	VI
Caromont Regional	Gaston	27		III
Cone Behavioral Health	Guilford	30		II
Mission Hospital-Copestone Center	Buncombe	17		I
Total # of C/A Psych IP Beds		**327**	31	

Source: 2015 SMFP, 2015 Licensure Renewal Application, Findings for Project I.D. #P-111002-15

As illustrated in the table above, there are 327 C/A IP psychiatric beds, excluding beds in State Hospitals, in North Carolina. Only 69 (22 + 20 +27 = 69) or 21% (69 / 327 = 0.211) of the 327 beds are located in the applicant's identified primary and secondary service area. The closest facilities geographically to SBC - Charlotte are CMC-Center for Mental Health and Novant Health Presbyterian Medical Center (NHPMC), both located in Charlotte in Mecklenburg County. CMC is currently licensed for 22 C/A IP psychiatric beds and NHPMC is currently licensed for 22 C/A IP beds. While both of these facilities are currently providing C/A IP psychiatric services in the applicant's identified primary service area, they both are located within acute care hospitals.

In Section III.1, pages 46-51, the applicant discusses the C/A psychiatric bed need methodology in the 2015 SMFP. The 2015 SMFP projects there will be a 17-bed surplus for C/A psychiatric beds in 2017. However, the applicant recalulated this projection and identifies that there will actually be a deficit of 9 C/A psychiatric beds in 2017. The applicant states that a projected deficit of beds would support the demand for C/A IP psychiatric beds. See the section and page numbers referenced above for discussion.

The proposed project does not involve the addition of any new inpatient psychiatric for which there is a need determination in the 2015 SMFP. Therefore, there are no need determinations in the 2015 SMFP applicable to this review. The applicant's proposed project will not alter the inventory of psychiatric beds in the service area identified in the 2015 SMFP

In Section V.6, page 69, the applicant discusses how any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services.

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in the application is reasonable and adequately demonstrates that any enhanced competition in the service area would have a positive impact on the cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need for the project and that it is a cost-effective alternative. The discussions regarding the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

- The applicant adequately demonstrates it will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference; and

- The applicant adequately demonstrates it will continue to provide adequate access to medically underserved populations. The discussion regarding access found in Criterion (13) is incorporated herein by reference.

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

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by the applicant in North Carolina. 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 is conforming to all applicable Criteria and Standards for Psychiatric Beds promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

10A NCAC 14C .2602 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish new psychiatric beds shall project resident origin by percentage by county of residence. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In Section III.5, page 59, the applicant provides the projected patient origin for child/adolescent inpatient psychiatric services for the first two full fiscal years, following project completion, as illustrated in the table below.

County	Operating Year One		Operating Year Two	
	# of Patients	% of Total	# of Patients	% of Total
Primary Service Area				
Mecklenburg	112	16.9%	114	16.9%
Rowan	61	9.2%	62	9.2%
Union	57	8.5%	57	8.5%
Davidson	51	7.6%	51	7.6%
Cabarrus	40	6.0%	40	6.0%
Stanly	20	3.0%	20	3.0%
Secondary Service Area				
Catawba	82	12.3%	83	12.30%
Iredell	41	6.10%	41	6.10%
Gaston	33	5.00%	34	5.00%
Lincoln	9	1.30%	9	1.30%
Extended Service Area				
McDowell	31	4.70%	32	4.70%
Cleveland	17	2.50%	17	2.50%
Burke	16	2.40%	16	2.40%
Swain	13	2.00%	13	2.00%
Caldwell	9	1.40%	9	1.40%
Haywood	9	1.30%	9	1.30%
Yadkin	9	1.30%	9	1.30%
Wilkes	8	1.20%	8	1.20%
Watauga	5	0.80%	5	0.80%
Rutherford	5	0.80%	5	0.80%
Macon	5	0.80%	5	0.80%
Alexander	5	0.70%	5	0.70%
Henderson	5	0.70%	5	0.70%
Surry	4	0.60%	4	0.60%
Transylvania	4	0.60%	4	0.60%
Yancey	3	0.40%	3	0.40%
Jackson	3	0.40%	3	0.40%
Madison	3	0.40%	3	0.40%
Cherokee	2	0.30%	2	0.30%
Clay	2	0.30%	2	0.30%
Ashe	1	0.20%	1	0.20%
Buncombe	1	0.10%	1	0.10%

Graham	1	0.10%	1	0.10%
Total	**665 [667]**	**100.00% [99.90%]**	**672 [673]**	**100.00% [99.90%]**

Note: Totals do not foot because of rounding (stated in supplemental information)
* These counties are identified on page 59 of the application.

On pages 60-61, SBC – Charlotte provides the assumptions and methodology used to project patient origin.

(b) An applicant proposing to establish new psychiatric beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project, including average length of stay. All assumptions and the methodology for projecting occupancy shall be stated.

-C- In Section IV, page 65, the applicant provides the projected utilization and the occupancy level for the proposed IP psychiatric beds for each of the first eight calendar quarters following project completion, including the average length of stay. The assumptions and methodology used are stated in Section III.1, pages 33-54, Section IV, page 63 and supplemental information. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(c) The applicant shall provide documentation of the percentage of patients discharged from the facility that are readmitted to the facility at a later date.

-C- In Section II.12, page 19, the applicant states that readmission projections are based off of the readmission rate of 2.4% over the prior six months on C/A IP psychiatric units at SBC – Raleigh and SBC - Wilmington.

(d) An applicant proposing to establish new psychiatric beds shall describe the general treatment plan that is anticipated to be used by the facility and the support services to be provided, including provisions that will be made to obtain services for patients with a dual diagnosis of psychiatric and chemical dependency problems.

-C- See Section II.2, pages 10-12 and Section II.9, page 16 for the C/A IP psychiatric services to be provided. See Section II.3 and Section II.4, page 13 for support services and the provision for dual diagnosis patients. In Section II.8, page 15 and referenced exhibits where the applicant describes the general treatment plan that is anticipated to be used by SBC - Charlotte.

(e) The applicant shall document the attempts made to establish working relationships with the health care providers and others that are anticipated to refer clients to the proposed psychiatric beds.

-C- See Exhibits 9-10 for SBC – Charlotte's existing referral network and Exhibit 28 for community letters of support.

(f) The applicant shall provide copies of any current or proposed contracts or agreements or letters of intent to develop contracts or agreements for the provision of any services to the clients served in the psychiatric facility.

-C- In Section II.12, page 20, the applicant states that SBC – Charlotte has LME-MCO contracts with Alliance Behavioral Healthcare, CenterPoint Human Services, Eastpointe and the Sandhills Center. A copy of SBC – Charlotte's contract with the Sandhills Center is provided in Exhibit 24. In supplemental information, the applicant states that they no longer have a contract with CenterPoint Human Services, but will secure an acute psychiatric contract with approval of the CON application. On page 20, the applicant states that upon the successful transfer of 24 C/A IP psychiatric beds, SBC – Charlotte will add acute inpatient series to the contracts listed above as well as pursue contracts with the remaining MCOs in the State of North Carolina. Exhibit 4 also contains formal support from Cardinal Innovations Healthcare Solutions for the proposed 24 C/A IP psychiatric beds as evidenced by the Policy PSY-1 Bed Transfer MOA.

(g) The applicant shall document that the following items are currently available or will be made available following completion of the project:
(1) admission criteria for clinical admissions to the facility or unit;

-C- In Section II.12, page 21, the applicant describes the admission criteria for clinical admissions to SBC - Charlotte.

(2) emergency screening services for the targeted population which shall include services for handling emergencies on a 24-hour basis or through formalized transfer agreements;

-C- In Section II.12, page 21, the applicant states that emergency services are provided on a 24-hour basis. See Exhibit 11 for a transfer agreement with Carolinas Medical Center.

(3) client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan;

-C- In Section II.12, pages 21-22 the applicant provides the client evaluation procedures, including preliminary evaluation and establishment of an individual treatment plan. See Exhibit 6 for a copy of SBC – Charlotte's general treatment plan.

(4) procedures for referral and follow-up of clients to necessary outside services;

-C- In Section II.12, page 23, the applicant provides SBC – Charlotte's procedures for referral and follow-up of clients to necessary outside services.

(5) procedures for involvement of family in counseling process;

-C- In Section II.12, page 23, the applicant provides SBC – Charlotte's procedures for involvement of family in the counseling process.

(6) comprehensive services which shall include individual, group and family therapy; medication therapy; and activities therapy including recreation;

-C- In Section II.12, page 23, the applicant describes the existing comprehensive services which include individual, group and family therapy; medication therapy; and activities therapy, including recreation.

(7) educational components if the application is for child or adolescent beds;

-C- In Section II.12, page 23, the applicant describes the educational components provided for C/A IP psychiatric patients.

(8) provision of an aftercare plan; and

-C- In Section II.12, page 23, the applicant describes SBC – Charlotte's existing aftercare plan.

(9) quality assurance/utilization review plan.

-C- In Section II.11, page 18 and Section II.12, page 24, the applicant describes SBC – Charlotte's quality assurance / utilization review plans.

(h) An applicant proposing to establish new psychiatric beds shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.

-C- SBC – Charlotte is an existing facility and the proposed project involves the relocation of 24 C/A IP psychiatric beds to the existing facility on its current site. In Section II.12, page 24, the applicant states that SBC – Charlotte owns the property at 1715 Sharon Road West, Charlotte, NC 28210 and therefore does not have an alternative site.

(i) An applicant proposing to establish new psychiatric beds shall provide documentation to show that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.

-C- SBC – Charlotte is an existing facility and the proposed project involves the relocation of 24 C/A IP psychiatric beds to the existing facility on its current site. In Section II.12, page 25, Section XI.3, page 97 and referenced Exhibits, the applicant states and describes how the facility will meet the requirements of 10A NCAC 27G .0300.

(j) An applicant proposing to establish new adult or child/adolescent psychiatric beds shall provide:

(1) documentation that adult or child/adolescent inpatient psychiatric beds designated for involuntary admissions in the licensed hospitals that serve the proposed mental health planning area were utilized at less than 70 percent for facilities with 20 or more beds, less than 65 percent for facilities with 10 to 19 beds, and less than 60 percent for facilities with one to nine beds in the most recent 12 month period prior to submittal of the application; or

(2) a written commitment that the applicant will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103 for designation of the facility, in which the new psychiatric beds will be located, for the custody and treatment of involuntary clients, pursuant to G.S. 122C-252.

-C- Exhibit 13 contains a letter dated February 20, 2015 from the Chief Executive Officer of SBC - Charlotte which states that the facility will accept involuntary admissions and will meet the requirements of 10A NCAC 26C .0103.

.2603 PERFORMANCE STANDARDS

(a) An applicant proposing to add psychiatric beds in an existing facility shall not be approved unless the average occupancy over the six months immediately preceding the submittal of the application of the total number of licensed psychiatric beds within the facility in which the beds are to be operated was at least 75 percent.

-NA- SBC – Charlotte does not currently operate IP psychiatric beds.

(b) An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.

-C- In Section IV, page 65, the applicant projects that the occupancy rate of the total number of licensed C/A IP psychiatric beds will be 92.1% during the fourth quarter of the second operating year following completion of the project. The applicant's assumptions and methodology used to project utilization of the psychiatric beds are provided in Section III.1, pages 33-54. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

.2605 STAFFING AND STAFF TRAINING

(a) A proposal to provide new or expanded psychiatric beds must provide a listing of disciplines and a staffing pattern covering seven days per week and 24 hours per day.

-C- In Section VII.5, page 86, the applicant provides a table which illustrates the daily staffing pattern for SBC - Charlotte's IP psychiatric beds. In Section II.12, page 28, the applicant describes its guidelines concerning staffing.

(b) A proposal to provide new psychiatric beds must identify the number of physicians licensed to practice medicine in North Carolina with a specialty in psychiatry who practice in the primary service area. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-C- In Exhibit 14, the applicant provides a list of 35 physicians licensed to practice medicine in North Carolina with a specialty in C/A psychiatry who practice in the primary service area identified by the applicant. In Exhibit 15, the applicant provides support letters from licensed psychiatrists routinely providing care in SBC's primary service area who are actively credentialed and currently being credentialed to serve at SBC – Charlotte, documenting the availability of psychiatrists specializing in the treatment of C/As. Exhibit 16 contains a letter from Devendra Shah, MD expressing his/her willingness to continue to serve as Medical Director and a copy of his curriculum vitae.

(c) A proposal to provide additional psychiatric beds in an existing facility shall indicate the number of psychiatrists who have privileges and practice at the facility proposing expansion. Proposals specifically for or including child or adolescent psychiatric beds must provide documentation to show the availability of a psychiatrist specializing in the treatment of children or adolescents.

-C- In Section II.12, page 29, the applicant states that SBC - Charlotte has met with three psychiatrists who have indicated his or her desire to provide services for the 24 C/A IP psychiatric beds. Exhibits 15-16 contain their letters of interest.

(d) A proposal to provide new or expanded psychiatric beds must demonstrate that it will be able to retain the services of a psychiatrist who is eligible to be certified or is certified by the American Board of Psychiatry and Neurology to serve as medical director of the facility or department chairman of the unit of a general hospital.

-C- Exhibit 3 contains a letter from Ashraf Mikhail, MD expressing his willingness to continue to serve as Medical Director. Dr. Mikhail is board-certified in child and adolescent psychiatry. Also see Exhibit 3 for a copy of Dr. Mikhail's curriculum vitae.

(e) A proposal to provide new or expanded psychiatric beds must provide documentation to show the availability of staff to serve involuntary admissions, if applicable.

-C- In Section II.12, pages 29-30, the applicant describes SBC – Charlotte's current staffing plan. In Section VII, pages 80-81, the applicant provides the current and projected staffing to serve involuntary admissions. Exhibit 16 contains a letter dated February 20, 2015 from the Chief Executive Officer of SBC – Charlotte which states that the facility will continue to accept involuntary admissions.

(f) A proposal to provide new or expanded psychiatric beds must describe the procedures which have been developed to admit and treat patients not referred by private physicians.

-C- In Section II.12, pages 30-31, the applicant describes SBC – Charlotte's procedures to admit and treat patients not referred by private physicians.

(g) A proposal to provide new or expanded psychiatric beds shall indicate the availability of training or continuing education opportunities for the professional staff.

-C- In Section II.12, page 32, the applicant describes SBC – Charlotte's new employee orientation and other monthly training requirements for professional staff. Exhibit 20 contains a professional training program agreement with UNC Charlotte MSW.