ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date: February 5, 2016
Findings Date: February 5, 2016

Project Analyst: Celia C. Inman
Team Leader: Fatimah Wilson

Project ID #: G-11104-15
Facility: Cone Health
FID #: 943494
County: Guilford
Applicant(s): The Moses H. Cone Memorial Hospital
The Moses H. Cone Memorial Hospital Operating Corporation
Project: Relocate the acute care beds and operating rooms from Women's Hospital to the Cone Campus on Elm Street. As part of this project, 23 acute care beds and 4 ORs will be delicensed. Upon completion of this project and Project ID# G-11103-15, the hospital (all campuses) will be licensed for 754 acute care beds and 46 ORs (4 dedicated IP, 29 shared and 13 dedicated OP)

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The Moses H. Cone Memorial Hospital and the Moses H. Cone Memorial Hospital Operating Corporation (collectively referred to as Cone Health or "the applicants") propose to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital to The Moses H. Cone Memorial Hospital (Cone Health main campus). The project involves a combination of new construction and renovated space to house the relocated services.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2015 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There are two policies in the 2015 SMFP that are applicable to this review: Policy GEN-4: ENERGY EFFICIENCY AND SUSTAINABILITY FOR HEALTH SERVICE FACILITIES and Policy AC-5: REPLACEMENT OF ACUTE CARE BED CAPACITY.

Policy GEN-4, on page 39 of the 2015 SMFP, states:

> *"Any person proposing a capital expenditure greater than $2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.*
>
> *In approving a certificate of need proposing an expenditure greater than $5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*
>
> *Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of 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."*

The proposed capital expenditure for this project is greater than $5 million. In Section III.2, page 112, the applicants address Policy GEN-4 and their plan for energy efficiency and water conservation. The applicants state:

> *"Cone Health is committed to assuring improved energy efficiency and water conservation in its construction projects.*
>
> …

Cone Health will develop and implement an Energy Efficiency and Sustainability Plan for the project as required by any conditions imposed by the CON Section, upon approval of the proposed project."

In Section XI.7, page 173, the applicants state:

> *"Cone Health is committed to utilizing energy efficient principles in all construction and renovation projects. As noted earlier in this application, The North Tower Project was awarded Silver LEED Certification by the United States Green Building Council. The following design parameters are being established to exceed the energy efficiency and water conservation standards of the 2015 North Carolina Building Code."*

The applicants then list the design parameters established to exceed the energy efficiency and water conservation standards of the 2015 North Carolina State Building Code on pages 174-75.

The applicants adequately demonstrate the proposal includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4, subject to Condition (5) in Criterion (4).

Policy AC-5, on pages 23-24 of the 2015 SMFP, states:

> *"Proposals for either partial or total replacement of acute care beds (i.e., construction of new space for existing acute care beds) shall be evaluated against the utilization of the total number of acute care beds in the applicant's hospital in relation to utilization targets found below. For hospitals* ***not*** *designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed "days of care" shall be counted. For hospitals designated by the Centers for Medicare & Medicaid Services as Critical Access Hospitals, in determining utilization of acute care beds, only acute care bed "days of care"* ***and*** *swing bed days (i.e., nursing facility days of care) shall be counted in determining utilization of acute care beds. Any hospital proposing replacement of acute care beds must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application. Additionally, if the hospital is a Critical Access Hospital and swing bed days are proposed to be counted in determining utilization of acute care beds, the hospital shall also propose to remain a Critical Access Hospital and must demonstrate the need for maintaining the swing bed capacity proposed within the application. If the Critical Access Hospital does not propose to remain a Critical Access Hospital, only acute care bed "days of care" shall be counted in determining utilization of acute care beds and the hospital must clearly demonstrate the need for maintaining the acute care bed capacity proposed within the application.*

Facility Average Daily Census	*Target Occupancy of Licensed Acute Care Beds*
1-99	*66.7%*
100-200	*71.4%*
Greater than 200	*75.2%"*

In Section III.2, pages 110-111, the applicants address Policy AC-5 and the hospital's projected utilization. The applicants state:

"The proposed project will license 754 general acute care beds under Cone Health's Greensboro facilities License # H0159 following project completion. As demonstrated in Exhibit 33, Cone Health – Greensboro is projected to record an acute care average daily census of 568, equating to 75.3% occupancy in FY2026, a level exceeding the target occupancy of 75.2%."

The applicants are projecting an occupancy rate of 75.3% for the Greensboro facilities on the Moses Cone Hospital license in the sixth full operating year following the completion of the project. Policy AC-5 does not designate a year by which the facility must reach the occupancy targets in the table above.

The applicants adequately demonstrate the proposal meets the occupancy target designated in Policy AC-5. Therefore, the application is consistent with Policy AC-5.

Conclusion

In summary, the applicants adequately demonstrate that the proposal is consistent with Policy GEN-4 and Policy AC-5. Therefore, the application is conforming to this criterion, subject to Condition (5) in Criterion (4).

(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 applicants propose to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital to the Cone Health main campus. The project involves a combination of new construction and renovated space to house the relocated services.

The Cone Health system, includes the following separately licensed hospitals:

- The Moses H. Cone Memorial Hospital in Greensboro (Guilford County); and
- Annie Penn Hospital in Reidsville (Rockingham County).

Per Cone Health's 2015 License Renewal Application (LRA), License #H0159, The Moses H. Cone Memorial Hospital in Guilford County consists of five campuses and seven entities doing business as "facilities." The five campuses and seven facilities (Cone Health – Greensboro) are:

1. The Moses H. Cone Memorial Hospital
   and Moses Cone Surgery Center;

2. Wesley Long Hospital
   and Wesley Long Surgery Center;

3. MedCenter High Point (emergency services, urgent care, and imaging)

4. Women's Hospital; and

5. The Behavioral Health Hospital.

In addition, there are other facilities that are part of Cone Health, but under individual licenses (i.e., Alamance Regional Medical Center). The applicants provide a full listing of owned and leased facilities in Exhibit 5 of the application.

The applicants propose to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital, located at 801 Green Valley Road, Greensboro, Guilford County, to a combination of new and existing space on the main campus of The Moses H. Cone Memorial Hospital (Moses Cone Hospital), located at 1200 North Elm Street, Greensboro, Guilford County. The applicants state that the proposed project, relocating obstetric, gynecologic and neonatology services from Women's Hospital to Moses Cone Hospital is the culmination of Cone Health's "Reinventing Care" process at Women's Hospital, which focused on assessing facility and programmatic needs and optimizing safe, high quality, cost-effective care for future Cone Health patients. The proposed project includes the designation of an additional nine Neonatal Intensive Care Unit (NICU) beds and the de-licensing of 23 acute care beds and four operating rooms. The applicants refer to the proposed new tower as the Women's and Children's Pavilion at Moses Cone Hospital.

At project completion, Moses Cone Hospital will be licensed for 579 beds and 23 operating rooms. Cone Health, License #H0159, will be licensed for 754 beds and 46 operating rooms, assuming the approval of this application and the concurrently filed application, Project ID #G-11103-15, to renovate the Wesley Long campus.

Population to be Served

On page 44, the 2015 SMFP defines an acute care bed's service area as *"the acute care bed planning area in which the bed is located. The acute care bed planning areas are the single*

and multicounty groupings shown in Figure 5.1." Figure 5.1 on page 48 of the SMFP shows Guilford County as a single county acute care bed service area.

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. *"The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county operating room service area.

Thus, the service area for this project consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

In Section III.5(a), page 115, the applicants state that the patient origin at Moses Cone Hospital will be comprised of residents from Guilford, Rockingham, Randolph, Alamance and Eastern Forsyth counties, which is consistent with its historical patient origin.

The applicants further state that residents from the above listed counties comprise 91.9% of Cone Health's current patient origin and 94.3% of Women's Hospital's current patient origin. Exhibit 38 provides a map of Cone Health's market based on patient origin, highlighting Guilford County as the primary market and Alamance, Randolph, Rockingham and eastern Forsyth County as the secondary market.

In Exhibit 37, the applicants provide the current and projected patient origin by county of residence for Cone Health-Greensboro's[1] in-patient days of care, maternity admissions, neonatal intensive care days, adult intensive care days, and adult acute care bed days. The exhibit also contains the current patient origin by county of residence for Moses Cone Hospital and Women's Hospital and projected patient origin by county of residence for Moses Cone Hospital, including The Women's and Children's Pavilion (WCP).

The following table summarizes the applicants' projected patient origin by county of residence for Moses Cone Hospital (including WCP) acute care inpatient services, maternity admissions, neonatal intensive care services, adult intensive care services and surgical services.

[1] Cone Health-Greensboro refers to the Greensboro hospitals and surgery centers which are part of the Moses Memorial Cone Hospital License # HO159, which includes Moses Cone Hospital, Wesley Long, Women's Hospital, Behavioral Health Hospital, Moses Cone Surgery Center and Wesley Long Surgery Center.

Moses Cone Hospital
Projected Patient Origin by County of Residence
Operating Year 2, FFY 2022

County	Moses Cone Hospital and WCP Adult AC Days	WCP Hospital Maternity Admissions	WCP Neonatal ICU Days	Moses Cone Hospital and WCP Adult ICU Days	Moses Cone Hospital and WCP Surgical Cases
Guilford	70.5%	82.3%	69.9%	59.1%	65.2%
Rockingham	11.1%	6.6%	9.7%	17.2%	12.1%
Randolph	7.0%	4.1%	4.2%	7.2%	8.2%
Alamance	4.0%	1.3%	8.8%	7.7%	4.3%
Forsyth	1.5%	2.0%	4.0%	0.9%	2.7%
Caswell	0.6%	0.5%	0.6%	0.8%	0.7%
Davidson	0.6%	0.7%	0.6%	0.8%	1.3%
Chatham	0.5%	0.0%	0.0%	0.6%	0.5%
Stokes	0.0%	0.2%	0.0%	0.5%	0.0%
Virginia	1.7%	0.5%	0.7%	2.3%	2.2%
Other*	2.5%	1.8%	1.5%	2.9%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*Other is as identified in Exhibit 37 for each category above and includes various NC counties and other states

In Section III.5(d), page 116, the applicants state that the proposed project will serve an existing, well-established patient population. Therefore, the relocation of acute care services from Women's Hospital to Moses Cone Hospital is not expected to significantly change patient origin for the service components that are part of the proposed project. The market share from Alamance County is expected to increase slightly due to the merger of Alamance Regional Medical Center with Cone Health, which the applicants reflect in the projected patient origin, as appropriate for each service component. Otherwise, the projected patient origin is consistent with the current patient origin.

The applicants adequately identify the population to be served.

Analysis of Need

The applicants propose the relocation of acute care women's and infants' services, including operating rooms, from Women's Hospital to Moses Cone Hospital.

In Section III.1(b), pages 82-83, the applicants state the need driving the relocation and replacement of acute care women's and infants' services from Women's Hospital to the Women's and Children's Pavilion at Moses Cone Hospital centers around the following key factors:

- Changing healthcare industry dynamics require innovative, efficient, integrated models of care that utilize new and existing assets to improve quality, safety and patient satisfaction, while maximizing stewardship of healthcare dollars for positioning for a changing market with changing industry dynamics.

- The Women's Hospital facility no longer meets contemporary standards and the infrastructure can no longer be adequately renovated to support projected future patient demand.

- The growth and aging of the service area female population, along with patient population characteristics which will lead to continued demand for advanced obstetric, gynecologic, and comprehensive women's health services.

- Cone Health's market position as the leading provider of obstetric and gynecologic acute care services in the service area signifies a need to provide state-of–the-art obstetric and gynecologic care.

On pages 83-86, the applicants discuss changes in the healthcare industry that necessitate Cone Health being innovative and forward-thinking about how and where to care for patients now and 30 years from now. To meet this challenge, the applicants state that they embarked on a major program – Reinventing Care – aimed at organizing its acute care resources in Greensboro to create the greatest value for the patients it serves. The applicants further state:

> *"The current location of women's and infants services on a freestanding campus located within two (2) miles of Cone Health's other two (2) Greensboro-based acute care campuses does not allow for maximization of operational efficiencies across the health system. By consolidating women's and children's services on the Moses Cone campus, there is an opportunity to centralize support services in ways that maximize efficiency. We have a rare opportunity to eliminate duplication of services, while improving the quality of care provided to patients.*
>
> …
>
> *This project provides the opportunity to improve operational efficiencies, departmental adjacencies, and consolidation of support services."*

The applicants go on to say they are using this opportunity to innovate not only the physical space, but also the processes used to deliver health care in order to provide customer focused care with an emphasis on safety and long-term flexibility.

In discussing the current Women's Hospital facility, on pages 86-98, the applicants cite the physical deficiencies of the infrastructure and support space - mechanically, electrically, and operationally:

- Chillers, boilers, and air handling units are beyond their useful 25-30 year lives and not in a central location.

- Electrical distribution panel boards and transformers are obsolete.
- The operating rooms are significantly undersized and ill configured:
    - creates process and flow issues,
    - presents difficulties in achieving "family-centered care" and "skin-to-skin" baby care in the OR and PACU following a C-Section, and
    - does not accommodate the now common multiple birth patient population.
- Inpatient units are outdated:
    - patient rooms need updating and refreshing,
    - nurse stations are inadequate,
    - lack of nursing support space, storage and supply space,
    - lack of space for Workstations on Wheels (WOWs), electronic medical records, and
    - lack of meeting space and education space.
- NICU no longer meets contemporary facility standards – the configuration is not conducive to current care models of family-centered care, skin-to-skin baby care, rooming in, sleeper rooms, couplet care for the NICU infant and mother, and family support space.
- NICU no longer has enough capcity to adequately accommodate the volume of NICU babies treated at Women's Hospital:
    - Average occupancy of the 36 Level IV[2] NICU beds over the last twelve months was 87% and as high as 95% on 73 days of the last year.
    - Current occupancy rates, combined with expected growth in NICU days, demonstrate a need to add nine Level IV NICU beds for a total of 45.

In Section III, pages 98-105, the applicants discuss the proposed service area demographic trends that establish the foundation for future demand for women's and infants' healthcare services. The applicants provide data illustrating that the 2010-2015 childbearing-aged female population and market area deliveries are both "essentially flat." The applicants state obstetric patients are increasingly arriving with other medical conditions, sometimes because of a lack of access to primary care, lack of insurance, lifestyle issues such as obesity, and chronic conditions like diabetes. The applicants further state that Women's Hospital does not provide the tertiary care services and specialty physician coverage located on a comprehensive general acute care campus and bringing those services to Women's Hospital would be inefficient and duplicative.

The applicants also discuss (page 104) the increasing needs of older age females for comprehensive coordinated care, stating:

> *"As demonstrated earlier in Table III-3, females age 65+ are projected to grow a significant 17.2%, representing more than 14,500 women. Growth in the population*

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[2] In clarifying information received on January 28, 2016, the applicants confirmed that the CON application, as well as the Cone Health 2015 Hospital License Renewal Application, erroneously refer to the neonatal intensive care beds as Level III beds, when they are actually Level IV Neonatal Intensive Care beds. The Project Analyst uses the correct Level IV designation throughout the Findings when referring to Cone Health's neonatal intensive care beds.

of females, age 65+ has implications for demand for women's health services. In addition to gynecologic needs, demand for women's cardiovascular services, osteoporosis screening and treatment, breast health, and urogynecology services will increase. Close collaboration of OB/Gyn surgeons with other specialties, such as cardiologists, orthopedic surgeons, and breast/general surgeons, facilitated by being in the same location with ready access to consultation from colleagues, advances comprehensive care for women, whose symptoms and conditions are often very different than men's, …"

In Section III, pages 105-108, the applicants discuss Cone Health's and particularly Women's Hospital's market position in obstetrics and other women's services. The tables provided on pages 106-107 show Women's Hospital serves 52.4% of the demand for inpatient obstetrical care and 47.9% of the high risk obstetrical demand for inpatient care in the applicants' market. The applicants state that Women's Hospital also serves as the market leader in neonatal care.

In summary, the applicants state that the proposed project meets the identified need for high quality obstetric, gynecologic, and comprehensive women's health care, while also achieving key critical success factors that provide value to Cone Health's established patient population.

Projected Utilization

In Exhibit 33, the applicants provide the historical and projected acute care and surgical utilization at Moses Cone Hospital, Women's Hospital and Wesley Long for the past two years, current and interim years, the first three fiscal years after completion of the project, and three years following the project years.

General Acute Care

Following the tables projecting acute care utilization in Exhibit 33, as summarized below, the applicants provide the methodology and assumptions used for determining projected utilization. The applicants state that the assumptions and methodology utilized to project discharges and patient days are intended to be forward-thinking and to account for the uncertainties of healthcare utilization in the future. The applicants state that discharges and patient days are projected to FFY 2026, six years following completion of the proposed project, in order to account for the long-term aspects of the project and the effect on patient volumes.

Cone Health-Greensboro Projected Discharges

	Interim Years					Project Years			Post-Project Years		
	FFY 2016	**FFY 2017**	**FFY 2018**	**FFY 2019**	**FFY 2020**	**FFY 2021**	**FFY 2022**	**FFY 2023**	**FFY 2024**	**FFY 2025**	**FFY 2026**
Moses Cone Hospital											
Adult ICU	1,190	1,209	1,228	1,248	1,299	1,336	1,358	1,380	1,402	1,424	1,447
Peds PICU	1,106	1,108	1,109	1,110	1,111	1,112	1,113	1,114	1,115	1,116	1,118
Adult Acute Care	22,390	22,749	23,113	23,482	23,804	28,740	29,143	29,553	29,969	30,391	30,820
Neonatal ICU	0	0	0	0	0	659	664	668	673	678	682
Moses Cone Hospital Total	24,687	25,065	25,449	25,840	26,213	31,847	32,278	32,715	33,159	33,609	34,067
Women's Hospital											
Adult ICU	62	62	62	62	62	0	0	0	0	0	0
Peds PICU	0	0	0	0	0	0	0	0	0	0	0
Adult Acute Care	6,918	6,940	6,961	6,983	7,004	0	0	0	0	0	0
Neonatal ICU	636	641	645	650	654	0	0	0	0	0	0
Women's Hospital Total	7,616	7,642	7,668	7,695	7,721	0	0	0	0	0	0
Wesley Long											
Adult ICU	299	304	309	314	327	332	337	343	348	354	360
Peds PICU	0	0	0	0	0	0	0	0	0	0	0
Adult Acute Care	9,170	9,317	9,466	9,617	10,688	10,859	11,032	11,209	11,388	11,570	11,756
Neonatal ICU	0	0	0	0	0	0	0	0	0	0	0
Wesley Long Total	9,470	9,621	9,775	9,931	11,015	11,191	11,370	11,552	11,737	11,924	12,115
Cone Health - Greensboro											
Adult ICU	1,551	1,575	1,599	1,624	1,688	1,669	1,695	1,722	1,750	1,778	1,806
Peds PICU	1,106	1,108	1,109	1,110	1,111	1,112	1,113	1,114	1,115	1,116	1,118
Adult Acute Care	38,479	39,005	39,540	40,082	41,495	39,598	40,176	40,762	41,357	41,962	42,576
Neonatal ICU	636	641	645	650	654	659	664	668	673	678	682
Cone Health-Greensboro Total	41,772	42,328	42,893	43,466	44,949	43,038	43,647	44,266	44,895	45,534	46,182

Cone Health-Greensboro Projected Patient Days

	Interim Years					Project Years			Post-Project Years		
	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Moses Cone Hospital											
Adult ICU	17,997	18,285	18,577	18,875	19,649	20,216	20,539	20,868	21,202	21,541	21,885
Peds PICU	3,191	3,194	3,198	3,201	3,204	3,207	3,210	3,214	3,217	3,220	3,223
Adult AC	87,243	88,639	90,057	91,498	92,750	111,983	113,555	115,151	116,773	118,419	120,091
Neonatal ICU	0	0	0	0	0	12,187	12,272	12,358	12,444	12,531	12,619
MC Total	108,431	110,118	111,832	113,574	115,602	147,593	149,576	151,590	153,635	155,711	157,819
ADC	296	302	306	311	316	404	410	415	420	427	432
Licensed Beds*	468	468	468	468	468	579	579	579	579	579	579
Occupancy %	63.3%	64.5%	65.5%	66.5%	67.5%	69.8%	70.8%	71.7%	72.5%	73.7%	74.7%
Women's Hospital											
Adult ICU	498	499	501	502	504	0	0	0	0	0	0
Peds PICU	0	0	0	0	0	0	0	0	0	0	0
Adult AC	17,229	17,283	17,336	17,390	17,443	0	0	0	0	0	0
Neonatal ICU	11,769	11,851	11,934	12,018	12,102	0	0	0	0	0	0
Women's Total	29,496	29,633	29,771	29,909	30,049	0	0	0	0	0	0
ADC	81	81	82	82	82	0	0	0	0	0	0
Licensed Beds	134	134	134	134	134	0	0	0	0	0	0
Occupancy %	60.1%	60.6%	60.9%	61.2%	61.3%	0	0	0	0	0	0
Wesley Long											
Adult ICU	4,957	5,036	5,117	5,199	5,412	5,499	5,587	5,676	5,767	5,859	5,953
Peds PICU	0	0	0	0	0	0	0	0	0	0	0
Adult AC	33,917	34,460	35,011	35,571	39,530	40,162	40,805	41,458	42,121	42,795	43,480
Neonatal ICU	0	0	0	0	0	0	0	0	0	0	0
WL Total	38,874	39,496	40,128	40,770	44,942	45,661	46,391	47,134	47,888	48,654	49,432
ADC	106	108	110	112	123	125	127	129	131	133	135
Licensed Beds	175	175	175	175	175	175	175	175	175	175	175
Occupancy %	60.7%	61.8%	62.8%	63.8%	70.2%	71.5%	72.6%	73.8%	74.8%	76.2%	77.4%
Cone Health - Greensboro											
Adult ICU	23,452	23,820	24,195	24,576	25,564	25,714	26,126	26,544	26,968	27,400	27,838
Peds PICU	3,191	3,194	3,198	3,201	3,204	3,207	3,210	3,214	3,217	3,220	3,223
Adult AC	138,390	140,381	142,404	144,459	149,723	152,146	154,360	156,609	158,894	161,214	163,571
Neonatal ICU	11,769	11,851	11,934	12,018	12,102	12,187	12,272	12,358	12,444	12,531	12,619
CH-G Total	176,801	179,247	181,731	184,253	190,593	193,254	195,968	198,724	201,523	204,365	207,251
ADC	483	491	498	505	521	529	537	544	551	560	568
Licensed Beds	777	777	777	777	777	754	754	754	754	754	754
Occupancy %	62.2%	63.2%	64.1%	65.0%	67.0%	70.2%	71.2%	72.2%	73.0%	74.3%	75.3%

* The applicants provide a detailed count of Moses Cone Hospital patient beds by unit in Exhibit 10.

Women's Hospital / Women's and Children's Pavilion
Maternity Admission and Level I Newborns

	Women's Hospital					Women's and Children's Pavilion					
	Interim Years					Project Years			Post-Project Years		
	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Maternity Admissions	20,372	20,435	20,498	20,561	20,625	15,517	15,565	15,613	15,661	15,709	15,758
Level I Newborns											
Discharges	5521	5538	5555	5572	5589	5,606	5,623	5,640	5,657	5,674	5,692
Patient Days	11,813	11,850	11,887	11,824	11,961	11,998	12,035	12,072	12,109	12,146	12,184

Methodology:

Step One – Establish Historical Discharges and Patient Days

Assumptions:

- Include adult ICU and neonatal ICU beds.
- Exclude Behavioral Health Hospital, the Moses Cone Hospital inpatient rehabilitation unit, Annie Penn Hospital and Alamance Regional Medical Center.

The applicant provides the historical discharges and patient days in Exhibit 33.

Step Two – Establish Baseline Growth Projections for FFY 2016 through FFY 2026

Assumptions:

- General adult acute care and ICU – 1.6% projected growth rate.
- Pediatric acute care and Peds ICU – 0.1% projected growth rate.
- Women's Hospital adult acute care and ICU, Births/Level I newborns, Maternity Admissions – 0.3% projected growth rate .
- Neonatal intensive care – 0.7% projected growth rate.

The applicant provides the rationale for the above growth rates on page 2 of Exhibit 33.

Step Three – Project Market Share Growth from Alamance County

Assumptions:

- Cone Health's merger with ARMC will increase Cone Health-Greensboro facilities' market share of complex ARMC services.
- Market share percentage increases in cardiology, open heart, thoracic surgery, neurology, and neurosurgery services are added to Moses Cone Hospital beginning FFY 2016, split between ICU and acute care beds at current proportions.
- No additional market share shifts are assumed following FFY 2016.

Step Four – Project Increase in Utilization due to Medicaid Expansion

Assumptions:

- Medicaid expansion will occur in FFY 2020, triggering a one-time increase in adult acute care patient days of 2.5%.
- The increase is not assumed to occur for obstetric, neonate, or pediatric patients, who already have access to Medicaid.

Step Five – Shift Inpatient Days Related to Surgical Case Shifts

Assumptions:

- With the opening of Wesley Long's replacement operating rooms (currently under review), inpatient elective orthopedic surgeries will shift from Moses Cone Hospital to Wesley Long.
- Approximately 2,500 inpatient days are expected to shift from Moses Cone Hospital to Wesley Long in FFY 2021 in relation to the shift in orthopedic surgeries.

In summary, the applicants state that based on the above methodology and assumptions, Cone Health is projected to provide 207,251 acute care inpatient days of care in FFY 2026, equating to 75.3% occupancy.

Surgical

As part of its Reinventing Care program, Cone Health has undertaken a reorganization of its acute care resources in Greensboro and filed this application concurrently with a CON application that proposes to replace and renovate operative services at Wesley Long, Project ID #G-11103-15. The methodology and assumptions for the operating room projections are the same for both applications. The following table summarizes the total number of projected operating rooms and surgeries for Cone Health –Greensboro campuses on License #H0159: Moses H. Cone Memorial Hospital, Wesley Long, Women's Hospital, Moses Cone Surgery Center and Wesley Long Surgery Center, as presented in Exhibit 33. Exhibit 33 also contains the individual tables projecting operating rooms and surgeries for each campus comprising Cone Health-Greensboro.

Cone Health - Greensboro Operating Room Utilization

		Interim Years					Project Years		
	FFY 2015	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023
OR Count									
Inpatient ORs -Open Heart	4	4	4	4	4	4	4	4	4
Dedicated OP ORs	13	13	13	13	13	13	13	13	13
Shared ORs	37	37	37	37	37	33	29	29	29
Total ORs	54	54	54	54	54	50	46	46	46
Total ORs, excluding Open Heart (OH) and Trauma (T)	49	49	49	49	49	45	41	41	41
Cases									
Open Heart	492	495	497	500	502	505	507	510	513
C-Section	1,736	1,748	1,760	1,772	1,785	1,797	1,809	1,822	1,835
Other	10,949	11,029	11,164	11,302	11,441	11,584	11,657	11,804	11,950
Total IP Cases	13,177	13,271	13,421	13,574	13,728	13,885	13,973	14,136	14,298
IP Cases, excl. OH and T	12,261	12,402	12,544	12,690	12,837	12,986	13,138	13,293	13,449
Total OP Cases	16,300	16,757	17,230	17,718	18,224	18,257	18,775	19,311	19,864
Total Cases, excl. OH and T	28,561	29,158	29,774	30,408	31,061	31,243	31,913	32,604	33,313
Hours									
IP Surgical Hours, excl. OH and T	34,253	34,654	35,061	35,475	35,895	36,321	36,755	37,194	37,641
Total OP hours	31,163	32,031	32,930	33,859	34,821	34,967	35,955	36,979	38,035
Total Surgical hours	65,416	66,686	67,991	69,334	70,716	71,288	72,710	74,172	75,676
Annual Change		1.9%	2.0%	2.0%	2.0%	0.8%	2.0%	2.0%	2.0%
OR Need									
# ORs Needed, excl. OH and T	34.9	35.6	36.3	37.0	37.8	38.1	38.8	39.6	40.4
Total Planned ORs, excl.OH and T	49	49	49	49	49	45	41	41	41

Step 1 – Determine Current Operating Room Volumes

In Exhibit 33, page 10, the applicants provide data showing Cone Health's current number of licensed operating rooms under License #H0159, by type and facility, as shown below.

Table IV-3
Cone Health-Greensboro
Current Licensed Operating Rooms by Type

Campus	Dedicated Open Heart	Dedicated C-Section	Other Dedic. Inpatient	Shared	Dedicated Outpatient	Total
Moses Cone Hospital*	4	0	0	16	0	20
Wesley Long	0	0	0	14	0	14
Women's Hospital	0	0	0	7	0	7
Moses Cone Surgery Center	0	0	0	0	8	8
Wesley Long Surgery Center	0	0	0	0	5	5
Total*	**4**	**0**	**0**	**37**	**13**	**54**

* Includes four dedicated open heart ORs and one trauma OR

In Exhibit 33, page 10, Table IV-4, the applicants provide operating room volumes by campus through the first nine months of FFY 2015, utilizing information specific to the types of surgery being performed, by specialty and by inpatient/outpatient split.

Table IV-4
Cone Health-Greensboro
Operating Room Volumes
FY 2015 YTD (October 1, 2014-June 30, 2015)

Campus	Inpatient Cases	Ambulatory Cases	Total
Moses Cone Hospital	5,739	3,867	9,606
Wesley Long	2,488	1,892	4,380
Women's Hospital	1,656	1,609	3,265
Moses Cone Surgery Center	0	3,632	3,632
Wesley Long Surgery Center	0	1,225	1,225
Total	**9,883**	**12,225**	**22,108**

The applicants provide Table IV-5 in Exhibit 33, page 11, which distributes the above inpatient and outpatient cases by specialty and type, as shown below.

Table IV-5 Cone Health Surgical Volumes by Specialty
October 1, 2014-June 30, 2015

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	247	123
Open Heart Surgery	369	0
General Surgery	1,451	2,525
Neurosurgery	1,141	465
Obstetrics and GYN (excluding C-Sections)	414	1,754
Ophthalmology	2	396
Oral Surgery	35	294
Orthopedics	3,667	3,522
Otolaryngology	122	785
Plastic Surgery	56	317
Urology	341	1,459
Vascular	672	389
Other Surgeries	64	196
C-Sections Performed in Other ORs	1,302	0
Total Surgical Cases	**9,883**	**12,225**

Step 2 – Exclude Trauma and Open Heart Cases and Operating Rooms

Assumptions:

- Consistent with planning standards utilized in the Criteria and Standards for Surgical Services and Operating Rooms, the applicants exclude one operating room from the inventory at Moses Cone Hospital for the Level II Trauma Center designation and the four dedicated open heart operating rooms.
- The applicants exclude the associated open heart and trauma surgical cases, by specialty.

The following table from Exhibit 33, page 12, provides the above inpatient and outpatient cases by specialty and type, excluding trauma and open heart cases.

Table IV-6 Cone Health Surgical Volumes by Specialty, Excluding Open Heart and Trauma October 1, 2014 – June 30, 2015

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	241	123
General Surgery	1,378	2,525
Neurosurgery	1,112	465
Obstetrics and GYN (excluding C-Sections)	414	1,754
Ophthalmology	1	396
Oral Surgery	33	294
Orthopedics	3,510	3,522
Otolaryngology	102	785
Plastic Surgery	49	317
Urology	339	1,459
Vascular	651	389
Other Surgeries	64	196
C-Sections Performed in Other ORs	1,302	0
Total Surgical Cases	**9,196**	**12,225**

The applicants do not provide a table in Exhibit 33 that annualizes the above nine-month utilization data to project forward. The project analyst calculates the annualized utilization of the above nine-month data in the following table.

Annualized Cone Health Surgical Volumes by Specialty, Excluding Open Heart and Trauma (Table not included in Exhibit 33)

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	321	164
General Surgery	1,837	3,367
Neurosurgery	1,483	620
Obstetrics and GYN (excluding C-Sections)	552	2,339
Ophthalmology	1	528
Oral Surgery	44	392
Orthopedics	4,680	4,696
Otolaryngology	136	1,047
Plastic Surgery	65	423
Urology	452	1,945
Vascular	868	519
Other Surgeries	85	261
C-Sections Performed in Other ORs	1,736	0
Total Surgical Cases	**12,261**	**16,300**

Step 3 – Project Growth Rates by Service Line

Assumptions:

- Cone Health utilizes The Advisory Board Company's Market Estimator tool to determine 10-year growth rates by surgical specialty, which takes into account local demographics for the identified service area and applies national trends in technological advancement, medical management, shifts in care setting from inpatient to outpatient, and continuing health care reform, resulting in specific projections for the identified service area by type of case for both inpatient and outpatient surgeries.
- Key drivers for selected service lines that are projected to experience robust growth: Cardiothoracic Surgery, Ophthalmology, Neurosurgery, Plastic Surgery and Urology.
- In the instances where specific specialty projections were not available for The Advisory Board Company, the overall service area population growth rate of 0.8% annually is utilized.

The applicants provide the following table for projected growth rates in Exhibit 33, page 14.

Table IV.7 Projected Annual Growth Rates by Service

Surgical Specialty Area	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	1.5%	5.0%
General Surgery	1.3%	3.0%
Neurosurgery	1.2%	3.9%
Obstetrics and GYN (excluding C-Sections)	-0.8%	0.5%
Ophthalmology	-4.1%	5.4%
Oral Surgery	0.8%	0.8%
Orthopedics	1.7%	2.7%
Otolaryngology	-0.3%	2.7%
Plastic Surgery	0.8%	4.1%
Urology	1.4%	4.8%
Vascular	-0.2%	2.1%
Other Surgeries	0.8%	0.8%
C-Sections Performed in other ORs	0.7%	0.0%
Projected Overall Growth Rates	**1.2%**	**2.5%**
Projected Average Total Growth Rate		**1.9%**

The applicants state that the overall annual growth rate over the next ten years for inpatient cases is projected to be 1.2% and the overall annual growth rate for ambulatory cases is projected to be 2.5%, yielding a total projected growth rate of 1.9%. The applicants further state that this growth rate is reasonable considering the projected growth rate for Cone Health's surgical patient population presented in Section III, with the vast majority of its surgical patients aged 45+, an age cohort projected to grow at a compound annual rate of 1.6% and nearly one-third of the surgical patient population at Cone Health being 65+, a group projected to grow at 3.4% annually. The applicants state:

> *"Given the projected growth trends of the population that comprises the bulk of Cone Health's surgical population, the overall growth rate of 1.9% is reasonable and justified."*

Step 4 – Calculate Current Average Surgical Case Time

Assumptions:

- The 2015 SMFP assumes a standard average case length of 3.0 hours for inpatient cases and 1.5 hours for ambulatory cases, including room turnover time.
- The applicants project surgical case times based on actual surgical data from Cone Health Link (Epic) by specialty and type on page 15 of Exhibit 33.

Table IV.8 Average Case Time

Surgical Specialty Area	Surgical Hours	
	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	3.5	2.7
General Surgery	2.9	1.9
Neurosurgery	3.8	2.7
Obstetrics and GYN (excluding C-Sections)	2.5	1.9
Ophthalmology	2.3	1.7
Oral Surgery	2.1	2.1
Orthopedics	2.7	1.9
Otolaryngology	2.2	1.6
Plastic Surgery	3.0	2.2
Urology	2.3	1.7
Vascular	3.1	2.3
Other Surgeries	3.1	1.9
C-Sections Performed in other ORs	1.8	0.0
Total Average Case Time	**3.1**	**1.9**

The applicant states that average case times include room turnover time that has not previously been included in the times reported on Cone Health's LRAs.

The applicants state that although Cone Health's average case time for inpatient surgery is consistent with a planning standard of three hours per case, actual average case time for outpatient cases of 1.9 hours is higher than the planning standard of 1.5 hours per case. This, the applicants state could be attributed to improvements in surgical technology and anesthesia techniques allowing more complex surgeries to be performed on an outpatient basis, but requiring more time because of the complexity of the cases. The applicants state utilizing actual case times by specialty and type will most accurately project operating room needs of the future.

Step 5 – Project Surgical Utilization Using Service Specific Growth Rates and Case Times

The applicants applied the annual growth rates of Step 3, Table IV-7, and the average case time calculated in Step 4, Table IV-8 to the annualized volumes in Step 2. Exhibit 33, page 17, Table IV-9, provides the applicants' resulting projected case volumes and surgical hours, as shown below.

**Table IV.9 Surgical Volume and Hours
Cone Health-Greensboro
FFY 2023**

Surgical Specialty Area	Number of Cases		Total Surgical Hours	
	Inpatient Cases	**Ambulatory Cases**	**Inpatient Cases**	**Ambulatory Cases**
Cardiothoracic (excluding open heart)	362	243	1,284	657
General Surgery	2,031	4,271	5,829	7,999
Neurosurgery	1,635	842	6,267	2,268
Obstetrics and GYN (excluding C-Sections)	519	2,436	1,292	4,745
Ophthalmology	1	803	3	1,387
Oral Surgery	47	418	96	899
Orthopedics	5,362	5,822	14,391	10,901
Otolaryngology	133	1,292	290	2,041
Plastic Surgery	70	581	211	1,267
Urology	505	2,264	1,645	3,920
Vascular	857	613	2,692	1,416
Other Surgeries	91	281	282	536
C-Sections Performed in other ORs	1,835	0	3,360	0
Total Average Case Time	**13,449**	**19,865**	**37,641**	**38,035**

The applicants do not provide the annualized volume table for Step 2 in Exhibit 33. The analyst calculated the annualized volumes (page 18 of the Findings) and applied the applicants' methodology as stated above, which results in projected volumes with a variance from -1.4% to 2.6% for inpatient cases and ambulatory cases, respectively. This difference could easily be attributed to rounding differences in the analyst's and the applicants' annualizing of volumes and application of growth rates and case times and is thus immaterial.

Step 6 – Reconfiguration of Operative Services within Cone Health

Cone Health is proposing to reorganize surgical services among its Greensboro campuses and decrease its overall operating room capacity by eight operating rooms (four from Wesley Long and four from Moses Cone Hospital) or 15% of its current Greensboro OR capacity. Based on this reorganization, as discussed on page 18 of Exhibit 33, Cone Health believes the following shifts of surgical cases will occur:

- inpatient gynecology from Women's Hospital to the main OR suite at Moses Cone Hospital,
- outpatient gynecology from Women's Hospital to the main OR suite at Moses Cone Hospital and Moses Cone Surgery Center,
- some inpatient elective orthopedic surgery from Moses Cone Hospital to Wesley Long,
- some outpatient elective orthopedic surgery from Moses Cone Hospital to Wesley Long and Wesley Long Surgery Center,

- some outpatient general surgery from Moses Cone Hospital and Wesley Long to Wesley Long Surgery Center,
- some outpatient plastic surgery from Moses Cone Hospital to Wesley Long Surgery Center, and
- cystoscopy from operating rooms at Wesley Long to a procedure room at Wesley Long.

The above shifts result in the following case volume and surgical hours at Moses Cone Hospital, as shown in Exhibit 33, page 19 and below.

Table IV-10 Projected Surgical Cases by Specialty after Reorganization FFY 2023

Surgical Specialty Area	Number of Cases		Total Surgical Hours	
	Inpatient Cases	Ambulatory Cases	Inpatient Cases	Ambulatory Cases
Cardiothoracic (excluding open heart)	362	243	1,284	657
General Surgery	952	997	2,732	1,866
Neurosurgery	1,635	842	6,267	2,268
Obstetrics and GYN (excluding C-Sections)	434	334	1,081	651
Ophthalmology	1	479	3	827
Oral Surgery	44	188	90	403
Orthopedics	1,994	600	5,351	1,123
Otolaryngology	121	466	265	736
Plastic Surgery	58	60	172	131
Urology	19	22	62	38
Vascular	857	613	2,692	1,416
Other Surgeries	81	115	252	220
C-Sections Performed in other ORs	1,835	0	3,360	0
Total Cases and Hours by Type*	**8,393**	**4,957**	**23,610**	**10,336**
Total Combined Cases and Hours*		**13,350**		**33,946**

*Includes the three operating rooms in the Women's and Children's Pavilion.

Step 7 – Calculate OR Need

Page 62 of the 2015 SMFP states:

> *"For purposes of the State Medial Facilities Plan, the average operating room is anticipated to be staffed nine hours a day, for 260 days per year, and utilized at least 80 percent of the available time. The standard number of hours per operating room per year based on these assumptions is 1,872 hours."*

Dividing the total 33,946 surgical hours by 1,872 hours per operating room per year yields a need for 18.1 operating rooms at Moses Cone Hospital in FFY 2023, excluding four open

heart surgery operating rooms and one trauma operating room. On pages 19-20 of Exhibit 33, the applicants state:

> *"Based on this calculated need, Moses Cone Hospital proposes to operate twenty-three (23) operating rooms upon completion of the proposed project. Moses Cone Hospital and Women's Hospital are currently licensed for a combined total of twenty-seven (27) operating rooms. Cone Health proposes to de-license four (4) operating rooms from Women's Hospital following the proposed project."*

In FFY 2023, the third project year of the proposed project, Cone Health projects the following surgical cases and operating room inventory for its Greensboro campuses.

Table IV-11 Cone Health-Greensboro Campuses
Projected Surgical Cases and Operating Room Inventory
FFY 2023

	Moses Cone Hospital	Wesley Long	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Inpatient Surgical Case Volume*	8,393	5,506	0	0	13,449 [13,899]
Outpatient Surgical Case Volume	4,957	2,111	7,984	4,812	19,865
Total Surgical Hours	33,946	17,902	14,982	8,846	75,676
Calculated Operating Room Need	18.1	9.6	8.0	4.7	40.4
Proposed Operating Rooms*	18	10	8	5	41
Excluded Operating Rooms**	5	0	0	0	5
Total Operating Rooms**	**23**	**10**	**8**	**5**	**46**

Totals may not sum due to rounding
* Excludes open heart and trauma
**Includes four dedicated open heart ORs and one trauma OR

Cone Health-Greensboro
Projected Licensed Operating Rooms by Type at Completion of this Project and Concurrently Filed Project ID #G-11103-15

Facility	Dedicated Open Heart	Dedicated C-Section	Other Dedic. Inpatient	Shared	Dedicated Outpatient	Total
Moses Cone Hospital	4	0	0	19	0	23
Wesley Long	0	0	0	10	0	10
Women's Hospital	0	0	0	0	0	0
Moses Cone Surgery Center	0	0	0	0	8	8
Wesley Long Surgery Center	0	0	0	0	5	5
Total*	**4**	**0**	**0**	**29**	**13**	**46**

* Includes four dedicated open heart ORs and one trauma OR

The applicants adequately demonstrate the projected utilization is based on reasonable and supported assumptions. Thus, the applicants adequately demonstrate the need the identified population has for the proposed services.

Access

In Section VI.2, page 132, the applicants state:

"Cone Health does not discriminate against low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or other underserved persons, including the medically indigent, the uninsured and the underinsured. In general, the health services of Cone Health are available to any patient in need without restriction of any kind."

The applicants further address access to Cone Health services in Section VI. On pages 142-144, the applicants provide the following payor mix for each service component for the second full fiscal year of the proposed project.

Moses Cone Hospital
Projected Cases as a Percent of Total Utilization
October 1, 2021- September 30, 2022

Payor Category	Maternity Admissions	Neonatal ICU	Adult ICU	Surgical Services	Acute Care	Cone Health-Greensboro
Self Pay/ Indigent	1.4%	0.5%	2.0%	0.9%	2.5%	4.6%
Medicare/ Medicare Managed Care	0.5%	0.0%	59.1%	0.5%	54.7%	45.7%
Medicaid	46.2%	61.1%	15.9%	38.1%	18.4%	15.5%
Managed Care / Commercial Insurance	50.7%	37.2%	20.9%	59.3%	21.9%	31.2%
Other (Champus, Workers Comp)	1.2%	1.3%	2.0%	1.1%	2.5%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 41 contains copies of Cone Health's patient admitting, accounting and non-discrimination policies. The discussion on access found in Criterion (13) is incorporated herein by reference.

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

Conclusion

In summary, the applicants adequately identify the population to be served; adequately demonstrate the need the population to be served has for the proposed services; and demonstrate the extent to which all residents of the area, including underserved groups, are likely to have access to the 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

The applicants propose to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital to the Cone Health main campus. In Section III.7, pages 118-120, the applicants discuss the relocation of the acute care and operative services from Women's Hospital to Moses Cone Hospital's main campus. The applicants state that the current Women's Hospital facility, originally built in 1976 as a medical/surgical hospital, is outdated with several major components, including the NICU and the operating rooms, no longer meeting contemporary facility standards for these services. Women's Hospital is located two miles from the Moses Cone main campus. The proposed relocation project reduces the total number of Women's Hospital beds by 23 and the total number of Women's Hospital operating rooms by four. The applicants further state beginning on page 119, that relocation of these services from Women's Hospital to Moses Cone and the reduction in general acute care beds and operating rooms will not have a negative impact on the patients currently served in terms of services, costs, or level of access, saying, *"In fact, the proposed project will improve quality and safety of the women's and infants services at Cone Health."* The applicants also state that Cone Health will continue to serve medically underserved populations. The discussions regarding analysis of need, including projected utilization, and access found in Criterion (3) are incorporated herein by reference.

The applicants demonstrate that the needs of the population presently served will be adequately met and that the proposal will not adversely affect the ability of medically underserved groups to obtain needed health care. Therefore, the application is conforming to this criterion.

(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 112-114, the applicants discuss the alternatives considered prior to the submission of this application, which include:

1) Maintain the Status Quo – The applicants state that maintaining the status quo would not increase the size of the operating rooms, would not improve NICU care by creating private NICU rooms, and would not allow for maximization of operational efficiencies and consolidation of support services across the health system. Therefore, this option was rejected.

2) Renovate Existing Women's Hospital – The applicants state that significant renovations and expansion would be required to achieve the desired improvements in quality, safety and patient satisfaction at Women's Hospital and it would be at a

significant capital cost. The applicants further state that this option would not provide the opportunity to integrate and consolidate Cone Health's support services and would not improve Cone Health's efficiency over time. Therefore, this option was rejected.

3) Relocate to Wesley Long Campus - The applicants state that this option would require significant capital cost and would provide the opportunity to integrate and consolidate support services and improve Cone Health's efficiency over time. However, Cone Health's Reinventing Care goals, as discussed earlier, to reorganize surgical services, access to advanced radiology and trauma services, colocation of infants and pediatric services would not be achieved with this alternative. The applicants also state that assuming the approval of the concurrently filed CON to replace ten operating rooms at Wesley Long, it would be difficult, if not impossible, to undertake two such large construction projects on the same campus at the same time. Therefore, this option was rejected.

4) Relocate Acute Care Services from Women's Hospital to Moses Cone Hospital – The applicants state that the proposed project, as presented in this application, provides the most effective alternative for addressing the identified needs. The applicants further state that the proposed project improves the physical space for women's and infants' services and allows for innovative care delivery to obstetric and neonatal patients, while maximizing operational efficiencies across the Cone Health system.

The applicants adequately demonstrate that the proposed project to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital to a combination of new construction and renovated space at Moses Cone Hospital is the most effective alternative to meet Cone Health's identified needs.

Furthermore, the application is conforming to all other statutory review criteria. Therefore, the application is approvable. An application that cannot be approved is not an effective alternative.

In summary, the applicants adequately demonstrate that their 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. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall materially comply with all representations made in the certificate of need application and the clarifying information received on January 28, 2016. In those instances where representations conflict, The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall materially comply with the last-made representation.**

2. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall de-license 23 acute care beds and 4 operating rooms from The Moses H. Cone Memorial Hospital/Women's Hospital at project completion.**

3. **At completion of this project and the concurrently filed Project ID #G-11103-15, Cone Health, License #H0159, will be licensed for a total of no more than 754 acute care beds and 46 operating rooms, shown as follows.**

Cone Health-Greensboro
Licensed Acute Care Beds and Operating Rooms

	Moses Cone	Wesley Long	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Acute Care Beds	579	175	0	0	754
Operating Rooms*	18	10	8	5	41
Excluded Operating Rooms**	5	0	0	0	5
Total Operating Rooms**	23	10	8	5	46

* Excludes open heart and trauma
**Includes four dedicated open heart ORs and one trauma OR

4. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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 that would otherwise require a certificate of need.**

5. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation shall 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 applicants' representations in the written statement as described in paragraph one of Policy GEN-4.**

6. **The Moses H. Cone Memorial Hospital and The Moses H. Cone Memorial Hospital Operating Corporation 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

The applicants propose to relocate acute care services, including beds and operating rooms, currently provided at Women's Hospital to the Cone Health main campus. The project involves a combination of new construction and renovated space to house the relocated services.

Capital and Working Capital Costs

In Section VIII, page 160, the applicants project the total capital cost of the proposed project will be $134,460,190, including:

Costs	Total Costs
Site Costs	$ 3,444,004
Construction Contract	$ 82,315,882
Fixed Equipment	$ 21,677,107
Furniture	$ 904,453
Consultant Fees	$ 13,895,000
Financing Costs	$ 700,000
Contingency	$ 11,523,744
Total Capital Costs	**$ 134,460,190**

In Section IX, page 164, the applicants state there are no start-up or initial operating expenses for this project.

Availability of Funds

In Section VIII.3, page 161, the applicants state that the total capital cost will be funded with $34,460,190 in Cone Health accumulated reserves and a $100 million tax-exempt bond issue. Exhibit 44 contains a letter from the Chief Financial Officer of Cone Health which documents its commitment to fund the proposed project and the availability of funds. Exhibit 45 contains a letter from a managing partner of Cone Health's independent registered financial advisor, Melio & Company, confirming its confidence that Cone Health will be able to finance the proposed project with a publicly offered tax-exempt revenue bond issuance.

Exhibit 46 contains the audited consolidated financial statements for The Moses H. Cone Memorial Hospital and Affiliates for years ending September 30, 2014 and 2013. According to the financial statements, as of September 30, 2014, Cone Health had $45,817,000 in cash and cash equivalents, $349,024,000 in total current assets, $2,330,007,000 in total assets and $1,489,691,000 in total net assets (total assets less total liabilities). The applicants adequately demonstrate the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicants project a positive net income for each proposed Moses Cone Hospital service component in each of the first three operating years of the project, except for adult intensive care services and adult and pediatric acute care and PICU services, as shown in the tables below.

Moses Cone Hospital Women's and Children's Pavilion Maternity Admissions Unit	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
Maternity Admissions	15,517	15,565	15,613
Projected Average Charge per Admission	$868	$894	$921
Gross Patient Revenue	$13,470,700	$13,917,742	$14,379,482
Deductions from Gross Patient Revenue	$6,825,361	$7,123,393	$7,431,469
Net Patient Revenue	$6,645,340	$6,794,349	$6,948,012
Total Expenses	$3,129,940	$3,219,968	$3,311,436
Net Income	$3,515,400	$3,574,380	$3,636,576

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

Moses Cone Hospital Women's and Children's Pavilion NICU	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
NICU Patient Days	12,187	12,272	12,358
Projected Average Charge per Day	$2,054	$2,116	$2,179
Gross Patient Revenue	$25,033,347	$25,964,184	$26,930,521
Deductions from Gross Patient Revenue	$13,286,650	$13,959,085	$14,658,252
Net Patient Revenue	$11,746,697	$12,005,099	$12,272,269
Total Expenses	$11,464,393	$11,837,298	$12,224,523
Net Income	$282,304	$167,801	$47,746

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

Moses Cone Hospital Women's and Children's Pavilion Operative Services	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
Women's Operative Cases	1,920	1,933	1,946
Projected Average Charge per Case	$11,786	$12,139	$12,504
Gross Patient Revenue	$22,628,753	$23,465,427	$24,331,936
Deductions from Gross Patient Revenue	$10,966,857	$11,471,529	$11,994,995
Net Patient Revenue	$11,661,896	$11,993,899	$12,336,942
Total Expenses	$7,793,148	$8,016,699	$8,247,621
Net Income	$3,868,748	$3,977,200	$4,089,321

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

Moses Cone Hospital Adult ICU	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
Adult ICU Patient Days	20,216	20,539	20,868
Projected Average Charge per Day	$1,860	$1,916	$1,974
Gross Patient Revenue	$37,608,418	$39,355,583	$41,185,573
Deductions from Gross Patient Revenue	$24,199,604	$25,509,972	$26,886,598
Net Patient Revenue	$13,408,814	$13,845,611	$14,298,975
Total Expenses	$23,735,636	$24,496,696	$25,463,184
Net Income	($10,326,822)	($10,651,084)	($11,164,209)

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

Moses Cone Hospital Adult AC and Peds AC/PICU Services	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
Adult ICU Patient Days	115,191	116,766	118,365
Projected Average Charge per Day	$1,464	$1,508	$1,553
Gross Patient Revenue	$168,596,143	$176,028,389	$183,792,099
Deductions from Gross Patient Revenue	$106,759,091	$112,321,799	$118,149,571
Net Patient Revenue	$61,837,052	$63,706,590	$65,642,528
Total Expenses	$79,796,553	$82,941,059	$86,222,539
Net Income	($17,959,501)	($19,234,470)	($20,580,011)

* Source: Pro Forma Financial Statements' Form C, Form D and Form E

The applicants also project a positive net income for the entire Moses Cone Memorial Hospital facility in each of the first three operating years of the project as illustrated in Form B in the Pro Forma section of the application and below.

The Moses H. Cone Memorial Hospital Entire Facility	Project Year 1 10/1/20- 09/30/21	Project Year 2 10/1/21 - 09/30/22	Project Year 3 10/1/22 - 09/30/23
Net Patient Service Revenue	$1,822,390,000	$1,881,898,000	$1,943,733,000
Total Revenue	$1,909,136,000	$1,969,250,000	$2,031,709,000
Total Expenses	$1,849,036,000	$1,914,435,000	$1,979,313,000
Income from Operations	$60,100,000	$54,815,000	$52,396,000
Net Non-operating Revenue	$9,408,000	$9,408,000	$9,408,000
Excess of Revenue over Expenses [As calculated by Project Analyst]	$69,507,000 [$69,508,000]	$64,222,000 [$64,223,000]	$61,803,000 [$61,804,000]

Totals may not sum due to rounding

The assumptions used by the applicants in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See the related assumption notes in the Pro Forma Section for the assumptions regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

In summary, the applicants adequately demonstrate that sufficient funds will be available for the capital needs of the project. Furthermore, the applicants adequately demonstrate 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 applicants propose to relocate acute care women's and infants' services, including beds and operating rooms, currently provided at Women's Hospital to the Moses Cone Hospital main campus.

On page 44, the 2015 SMFP defines the service area for acute care services as the planning area in which the bed is located. *"The acute care bed planning areas are the single and multicounty groupings shown in Figure 5.1."* Figure 5.1 on page 48 of the SMFP shows Guilford County as a single county acute care bed planning area.

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. *"The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county operating room planning area.

Thus, the service area for this project consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table, developed by the analyst from data in the 2015 SMFP, shows the total acute care bed utilization for the existing hospital providers in Guilford County.

	Licensed Acute Care Beds	**2013 Acute Care Patient Days**	**Average Daily Census**	**Average Occupancy Percent**
Cone Health Total	777	187,423	514	66.09%
High Point Regional Health System	307	58,509	160	52.21%
Guilford County Total	**1084**	**245,932**	**1,489**	**62.16%**

The 2015 SMFP uses Truven Health Analytics data compiled by the Cecil B. Sheps Center for Health Services Research for acute care patient days. The Truven data shows Cone Health-Greensboro providing 187,423 acute care patient days in 2013. The applicants report providing 184,845 acute care patient days in 2013 or 1.4% less days than reported by Truven.

In Section III.6, pages 116-117, the applicants discuss the other Guilford County providers of inpatient obstetric nursing care, neonatal intensive care and C-section and gynecology surgery services in their self-identified service area and provide the following data, which they source to 2015 License Renewal Applications.

Table III-13
Live Births FY 2014

Provider	**# of Births**
Cone Health Women's Hospital	6,026
High Point Regional UNC Healthcare	1,577
Alamance Regional Medical Center*	1,305
Randolph Hospital	728
Morehead Memorial Hospital	513

*ARMC is part of Cone Health, but licensed separately.

Table III-14
Neonatal Intensive Care Days FY 2014

Provider	NICU Inpatient Days
Cone Health Women's Hospital	10,819
Alamance Regional Medical Center*	2,632
High Point Regional UNC Healthcare	397

*ARMC is part of Cone Health, but licensed separately

Table III-15
Surgical Services – C-Section and OB/Gyn FY 2014

Provider	C-Section Cases	OB/Gyn Inpatient Cases	OB/Gyn Ambulatory Cases
Cone Health -Greensboro	1,773	515	2,328
High Point Regional UNC Healthcare	559	151	391
Alamance Regional Medical Center*	416	134	692
Randolph Hospital	214	49	274
Morehead Memorial Hospital	157	41	226
Surgical Center of Greensboro	0	N/A	274
High Point Surgery Center	0	N/A	298
Annie Penn Hospital	0	28	159
Carolina Birth Center	0	N/A	4
Novant Health Kernersville Medical Center	0	N/A	1

*ARMC is part of Cone Health, but licensed separately.

In Section III.6(b), page 118, the applicants state:

> *"Cone Health is the largest provider of obstetric and neonatal services in the identified service area. The proposed project seeks to improve the facility's ability to provide care for its existing, well-established patient population, while improving operational efficiencies. Therefore, other providers cannot meet this need."*

The applicants do not propose to increase the number of licensed acute care beds or operating rooms in any category, add services, or acquire equipment for which there is a need determination methodology in the 2015 SMFP. In fact, upon completion of this project and concurrently filed Project ID #G-11103-15 (renovate and replace operating rooms at Wesley Long), the applicants will de-license 23 acute care beds and four operating rooms on the Moses Cone Hospital campus and four operating rooms at Wesley Long. The Cone Health-Greensboro campuses (License #H0159) will be licensed for 754 beds and 46 operating rooms (four dedicated inpatient, 29 shared and 13 ambulatory).

The applicants provide data showing the projected utilization of acute care beds and operating rooms. The discussion on projected utilization found in Criterion (3) is incorporated herein by reference.

The information provided by the applicants in the application is reasonable and adequately demonstrates that the proposed project will not result in the unnecessary duplication of existing

or approved health service capabilities or facilities in the service area. 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, pages 145-150, the applicants provide Women's Hospital's and Moses Cone Hospital's current staffing and Moses Cone Hospital's projected staffing for the second operating year, FFY 2022, as shown in the following tables.

Full Time Equivalent (FTE) Positions
FY 2015

	Women's Hospital			**Women's and Moses Cone**		
Employee Category	**Maternity Admissions**	**NICU**	**Surgical Services**	**Adult ICU**	**Adult AC Units**	**Total**
Registered Nurses	21.8	61.6	29.8	128.7	437.1	679.0
Department Director	1.0	1.0	13.2	2.6	11.5	29.3
Nursing Tech/Admin Support	7.5	4.5	2.0	16.2	172.2	202.4
Patient Care Support		3.1	17.2	11.0	40.3	71.6
Administrative Support			2.0			2.0
Other (Rehab/Physician Extender)					1.0	1.0
Total Current FTE Positions	**30.3**	**70.3**	**64.2**	**158.5**	**662.1**	**985.3**

Totals may not sum due to rounding

Full Time Equivalent (FTE) Positions
Second Year of Operations - FY 2022

	Moses Cone Hospital, including Women's and Children's Pavilion					
Employee Category	**Maternity Admissions**	**NICU**	**Surgical Services**	**Adult ICU**	**Adult AC Units**	**Total**
Registered Nurses	16.8	73.4	13.2	145.6	483.9	732.9
Nurse Anesthetists	0.0	0.0	5.9	0.0	0.0	5.9
Department Director	1.0	1.0	1.0	3.3	11.5	17.8
Nursing Tech/Admin Support	5.8	14.3		18.4	190.6	229.1
Patient Care Support	0.0	4.8	7.6	12.4	44.6	69.4
Administrative Support	0.0	0.0	2.0	0.0	0.0	2.0
Other (Rehab/Physician Extender)	0.0	0.0	0.0	0.0	1.1	1.1
Total Projected FTE Positions	**23.6**	**93.5**	**29.7**	**182.7[179.7]**	**731.8**	**1,058.2**

Totals may not sum due to rounding

In Section VII.2, page 151, the applicants provide the current and proposed staffing information relative to operating rooms being relocated from Women's Hospital to Moses Cone Hospital.

Current Women's Hospital Surgical Staffing FY 2015

	Administration		Pre-operative*		Post-Operative		Operating Room		Other		Total	
	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours
Administration	2	4,160									2	4,160
Registered Nurses					14.9	31,026	14.9	31,013			29.8	62,039
All non-health prof. and tech.personnel					0.7	1,427	18.5	38,305			19.2	39,732
Nurse Anesthetists									13.2	27,515	13.2	27,515
Totals	**2**	**4,160**	**0**	**0**	**15.6**	**32,453**	**33.4**	**69,318**	**13.2**	**27,515**	**64.2**	**133,446**

Totals may not sum due to rounding
*Pre-operative and post-operative FTEs are accounted for in the Post-operative column

Proposed Moses Cone Hospital Women's and Children's Pavilion Surgical Staffing FY 2015

	Administration		Pre-operative*		Post-Operative		Operating Room		Other		Total	
	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours	FTEs	Hours
Administration	1	2,080									1	2,080
Registered Nurses					6.6	13,781	6.6	13,775			13.2	27,555
All non-health prof. and tech.personnel							9.6	19,900			9.6	19,900
Nurse Anesthetists									5.9	12,210	5.9	12,210
Totals	**1**	**2,080**	**0**	**0**	**6.6**	**13,781**	**16.2**	**33,675**	**5.9**	**12,210**	**29.7**	**61,745**

Totals may not sum due to rounding
*Pre-operative and post-operative FTEs are accounted for in the Post-operative column

In Section VII.2(c), page 152, the applicants state that the proposed staffing is for the three shared operating rooms in the Women's and Children's Pavilion, being relocated from Women's Hospital.

The applicants state:

> *"Volumes and associated staffing are projected to decline because the number of operating rooms is decreasing from seven (7) to three (3) and gynecologic surgery cases will be absorbed either in the Moses Cone main operating suite or Moses Cone Surgery Center."*

The applicants further state that Cone Health is among the largest employers in the Triad region of North Carolina, operating with a well-developed human resources staff dedicated to recruitment and retention of employees, which has not experienced difficulty hiring staff and does not anticipate any problems filling future positions. Procedures for recruitment and retention of staff and physicians are discussed on pages 154-155.

In Section VII.8, page 156, the applicants identify the President of Cone Health Medical Staff as James O. Wyatt, M.D. and provide a listing of the active Cone Health medical staff on page 157.

The applicants adequately demonstrate the availability of sufficient health manpower to continue providing 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 36-37, the applicants identify the ancillary and support services that are required for the proposed project as including admitting/registration, medical records, medical/central sterile supplies, biomedical engineering, nursing, anesthesia, laboratory, pharmacy, dietary, radiology, environmental services, administrative services, and business office/support services. The applicants state:

> *"As a well-established provider of inpatient and surgical services, Moses Cone Hospital maintains, and will continue to maintain, all the required ancillary and support services for each service component in the proposed project."*

Exhibit 11 contains a letter from Moses Cone Hospital President and Sr. Vice President, Cone Health and a letter from President, Women's Hospital, documenting the availability of the necessary ancillary and support services. The applicants discuss coordination with the existing health care system in Section V, pages 124-129. The applicants provide supporting documentation in Exhibits 7, 12, 19 and 39. The information provided in these sections and exhibits is reasonable and supports a finding of conformity with this criterion.

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

NA

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (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.

C

The applicants propose to develop the proposed project in a combination of existing and newly constructed space located on the Cone Health main campus. The application estimates 117,920 square feet of new construction and renovation of 91,465 existing square feet. Exhibit 42 contains a letter from HKS architectural firm which estimates that site preparation costs and construction costs will total $85,759,886, with total capital costs of $134,460,190, which corresponds to the project capital cost projections provided by the applicant in Section VIII, page 160. In Section XI.7, pages 173-175, the applicants describe the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

(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 Section VI.12 and VI.13, pages 139-141, the applicants provide the payor mix during FFY 2014 for the entire Cone Health facility, and the Moses Cone Hospital and Women's Hospital project service components, as illustrated in the tables below:

Cone Health
FFY 2014 (10/1/13-9/30/14)
Patient Days as a Percent of Total Days

	Patient Days
Self-Pay / Indigent / Charity	7.1 %
Medicare/Medicare Managed Care	45.5%
Medicaid	13.9%
Managed Care/Commercial Insurance	30.4%
Other (Champus, Workers Comp)	3.0%
Total	**100.0%**

Totals may not sum due to rounding

Moses Cone and Women's Hospital Project Service Components
FFY 2014
Percent of Total Utilization*

Payor Category	Maternity Admissions	Neonatal ICU	Adult ICU	Surgical Services	Acute Care
Self Pay/ Indigent	14.2%	0.0%	4.0%	2.8%	4.0%
Medicare/Medicare Managed Care	1.3%	0.0%	59.1%	5.1%	54.5%
Medicaid	50.2%	67.3%	14.0%	24.1%	17.4%
Managed Care/Commercial Ins	32.7%	32.3%	20.9%	66.9%	21.8%
Other (Champus, Workers Comp)	1.5%	0.4%	2.0%	1.1%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Totals may not sum due to rounding
*Maternity Admissions, NICU services and Surgical Services are based on Women's Hospital MAU visits, NICU patient days, and cases, respectively; Adult ICU and Acute Care nursing unit services include Moses Cone Hospital and Women's Hospital services and are based on patient days

In Section VI.2, page 132, the applicants state:

> *"Cone Health does not discriminate against low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or other underserved persons, including the medically indigent, the uninsured and the underinsured. In general, the health services of Cone Health are available to any patient in need without restriction of any kind."*

Exhibit 41 contains copies of Cone Health's non-discrimination, admissions, and patient payment policies.

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. More current data, particularly with regard to the estimated uninsured percentages, was not available. The following counties comprise the projected counties of residence for the patients to be served by the proposed services.

	2010 Total # of Medicaid Eligibles as % of Total Population	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population	2009 % Uninsured CY 2009 (Estimate by Cecil G. Sheps Center)
Guilford	15.3%	5.9%	19.5%
Rockingham	19.9%	9.3%	19.0%
Randolph	18.6%	7.2%	19.5%
Alamance	16.4%	6.2%	21.0%
Forsyth	16.1%	5.7%	19.5%
Statewide	16.5%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the imaging services proposed in this application.

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, women or handicapped person utilizing health services.

The applicants demonstrate that medically underserved populations currently have adequate access to the services offered at Cone Health. 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 138, the applicants state:

> *"Cone Health has no obligation under applicable Federal regulations to provide uncompensated care, community service, or access to care by minorities and handicapped persons."*

The applicants state that they are dedicated to providing care to all members of the community, regardless of ability to pay. See Exhibit 41 for Cone Health's Patient Admission, Coverage Assistance and Financial Assistance, Hardship, and Non-discrimination policies. In Section VI.10, page 138, the applicants state that they are not aware of any documented civil rights access complaints or violations filed against Cone Health in the last 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

The applicants address access to its services in Section VI. On pages 141-144, the applicants provide the following payor mix for the second full fiscal year of the proposed project.

Cone Health (Entire Facility)
Projected Patient Days/Procedures as a Percent of Total
FFY 2022
October 1, 2021- September 30, 2022

Payor Category	% of Total Days
Self Pay/ Indigent	4.6%
Medicare/ Medicare Managed Care	45.7%
Medicaid	15.5%
Managed Care / Commercial Insurance	31.2%
Other (Champus, Workers Comp)	2.9%
Total	100.0%

Totals may not sum due to rounding

Moses Cone Hospital, including Women's and Children's Pavilion
FFY 2022
Percent of Total Utilization*

Payor Category	Maternity Admissions	Neonatal ICU	Adult ICU	Surgical Services	Acute Care
Self Pay/ Indigent	1.4%	0.5%	2.0%	0.9%	2.5%
Medicare/Medicare Managed Care	0.5%	0.0%	59.1%	0.5%	54.7%
Medicaid	46.2%	61.1%	15.9%	38.1%	18.4%
Managed Care/Commercial Insurance	50.7%	37.2%	20.9%	59.3%	21.9%
Other (Champus, Workers Comp)	1.2%	1.3%	2.0%	1.1%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Totals may not sum due to rounding
*Maternity Admissions (obstetrical services only), NICU services and Surgical Services are based on visits, NICU patient days, and cases, respectively; Adult ICU and Acute Care nursing unit services are based on patient days

The applicants provide the assumptions for projecting payor mix on pages 141-144 and state that the projected payor mix reflects actual FY 2015 year to date payor mix, with expected shifts from self-pay to Medicaid due to Medicaid expansion as described in Exhibit 33.

In Section VI.2, page 132, the applicants describe the policy for providing access to the facility, as follows:

> *"Cone Health is a private, not-for-profit organization established to serve the community by providing high quality, affordable, and comprehensive health care services to all patients, regardless of their economic status.*
>
> *...*
>
> *In general, the health services of Cone Health are available to any patient in need without restriction of any kind."*

Exhibit 41 contains Cone Health's Non-discrimination Policy. Exhibit 40 contains a copy of Cone Health's "Report to the Community" describing a variety of community initiatives and financial support provided by Cone Health.

The applicants demonstrate that medically underserved populations will continue to have adequate access to the proposed services at Moses Cone 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 137, the applicants document the range of means by which patients have access to the proposed services provided at Moses Cone Hospital. The applicants state that patients typically are referred by area physicians and other hospitals. The applicants further state that patients may self-refer to the emergency department and, depending on their clinical diagnosis, may then be referred for primary or specialty services, as needed. The applicants state, *"Cone Health accepts referrals from a variety of organizations and will not turn patients away."* The information provided is reasonable and supports a finding of conformity with this criterion.

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

C

In Section V.1, pages 122-124, the applicants document that Cone Health accommodates the clinical needs of health professional training programs in the service area and that they will continue to do so. The applicants provide a list of the health professional training programs that currently utilize the training opportunities at Cone Health on pages 122-123. The information provided is reasonable and supports a finding of conformity with 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 applicants propose to relocate acute care women's and infants' services, including beds and operating rooms, currently provided at Women's Hospital to the Moses Cone Hospital main campus.

On page 44, the 2015 SMFP defines an acute care bed's service area as *"the acute care bed planning area in which the bed is located. The acute care bed planning areas are the single and multicounty groupings shown in Figure 5.1."* Figure 5.1 on page 48 of the SMFP shows Guilford County as a single county acute care bed service area.

On page 60, the 2015 SMFP defines the service area for operating rooms as the planning area in which the operating room is located. *"The operating room planning areas are the single and multicounty groupings shown in Figure 6.1."* Figure 6.1 on page 65 of the SMFP shows Guilford County as a single county operating room service area.

Thus, the service area for this project consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

In Section III.6(a), pages 116-117, the applicants state that inpatient obstetric nursing care, neonatal intensive care, and C-section and gynecology surgery services are provided in Cone Health's market by acute care and ambulatory surgery providers, as shown in the following tables.

Table III-13
Live Births
FFY 2014

Provider	# Live Births
Cone Health Women's Hospital	6,026
High Point Regional UNC Healthcare	1,577
Alamance Regional Medical Center	1,305
Randolph Hospital	728
Morehead Memorial Hospital	513

Source: 2015 LRAs

Table III-14
Neonatal Intensive Care Inpatient Days
FFY 2014

Provider	NICU Days
Cone Health Women's Hospital	10,819
Alamance Regional Medical Center	2,632
High Point Regional UNC Healthcare	397

Source: 2015 LRAs

Table III-15
Surgical Services – C-Section and OB/Gyn
FFY 2014

	C-Section Cases	OB/Gyn Inpatient Cases	OB/Gyn Ambulatory Cases
Cone Health Greensboro	1,773	515	2,328
High Point Regional UNC Healthcare	559	151	391
Alamance Regional Medical Center	416	134	692
Randolph Hospital	214	49	274
Morehead Memorial Hospital	157	41	226
Surgical Center of Greensboro	0	N/A	274
High Point Surgery Center	0	N/A	298
Annie Penn Hospital	0	28	159
Carolina Birth Center	0	N/A	4
Novant Health Kernersville Medical Center	0	N/A	1

Source: 2015 LRAs

In Section III.6(b), page 118, the applicants state:

"Cone Health is the largest provider of obstetric and neonatal services in the identified service area. The proposed project seeks to improve the facility's ability to provide care for its existing, well-established patient population, while improving operational efficiencies. Therefore, other providers cannot meet this need."

The applicants do not propose to increase the number of acute care beds or licensed operating rooms in any category, add services, or acquire equipment for which there is a need determination methodology in the 2015 SMFP. In fact, upon completion of this project and concurrently filed Project ID #G-11104-15 to renovate Wesley Long, the applicants will de-license 23 acute care beds and four operating rooms at Moses Cone Hospital and four operating rooms at Wesley Long. At project completion, Moses Cone Hospital will be licensed for 579 acute care beds and 23 operating rooms. Cone Health-Greensboro (all campuses on License #H0159) will be licensed for 754 general acute care beds and 46 operating rooms (four dedicated inpatient, 29 shared and 13 ambulatory) upon completion of both projects.

In Section V.7, pages 129-131, the applicants discuss how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services, stating:

"Cone Health is a leader in the cost effectiveness and quality of hospital-based inpatient and outpatient services delivered to the residents of its service area as demonstrated by its recognition as a Community Value Five-Star Hospital by Cleverly & Associates. Moreover, Cone Health, as a fundamental part of its community service mission, makes these services accessible to <u>all</u> community residents. The proposed project will continue to promote cost effectiveness, quality, and access to services in the proposed service area."

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

The information provided by the applicants in the application is reasonable and adequately demonstrates that any enhanced competition in the service area includes 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 applicants adequately demonstrate the need to relocate services from Women's Hospital to Moses Cone Hospital and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicants adequately demonstrate that they will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicants demonstrate that they will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3), (3a) and (13) are incorporated herein by reference.

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

Exhibit 5 contains a list of Cone Health-owned health care facilities. The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System manages Cone Health. Exhibit 6 contains a list of Carolinas HealthCare System owned and/or managed healthcare facilities. 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 Cone Health or Carolinas HealthCare System in North Carolina. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at Cone Health and Carolinas HealthCare System facilities, the applicants provided sufficient evidence that quality care has been provided in the past. 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.

C

The Criteria and Standards for Intensive Care Services, Neonatal Services and Surgical Services and Operating Rooms, promulgated in and 10A NCAC 14C .1200, 10A NCAC 14C .1400, 10A NCAC 14C .2100, respectively, are applicable to this review and discussed below.

SECTION .1200 – CRITERIA AND STANDARDS FOR INTENSIVE CARE SERVICES

10A NCAC 14C .1202 INFORMATION REQUIRED OF APPLICANT

(a) An applicant that proposes new or expanded intensive care services shall use the Acute Care Facility/Medical Equipment application form.

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

(b) An applicant proposing new or expanded intensive care services shall submit the following information:

(1) the number of intensive care beds currently operated by the applicant and the number of intensive care beds to be operated following completion of the proposed project;

-C- The applicants provide Cone Health intensive care bed information in a table on page 43 of the application. The following table summarizes the applicants' information.

Cone Health
Intensive Care Beds by Campus

Campus	Current	Proposed
The Moses H. Cone Memorial Hospital		
Adult	62	78
Pediatric	4	4
Neonatal	0	45
Wesley Long		
Adult	20	20
Pediatric	0	0
Neonatal	0	0
Women's Hospital		
Adult	4	0
Pediatric	0	0
Neonatal	36	0
Total Moses H. Cone Memorial Hospital License		
Adult	86	98
Pediatric	4	4
Neonatal	36	45
Annie Penn Hospital		
Adult	8	8
Pediatric	0	0
Neonatal	0	0
Alamance Regional Medical Center		
Adult	20	20
Pediatric	0	0
Neonatal	12	12

The following table highlights the proposed change in the number and location of Cone Health intensive care beds.

Cone Health
Proposed Change in Intensive Care Beds by Campus

Campus	Current	Proposed	Change
The Moses H. Cone Memorial Hospital			
Adult	62	78	+16
Pediatric	4	4	0
Neonatal	0	45	+45
Women's Hospital			
Adult	4	0	-4
Pediatric	0	0	0
Neonatal	36	0	-36
Totals			
Adult	66	78	+12
Pediatric	4	4	0
Neonatal	36	45	+9

(2) *documentation of the applicant's experience in treating patients at the facility during the past twelve months, including:*

(A) *the number of inpatient days of care provided to intensive care patients;*

-C- On page 43, the applicants document 21,923 inpatient days of care provided to intensive care patients from July 1, 2014 through June 30, 2015 at Moses Cone Hospital, Wesley Long and Women's Hospital combined, excluding neonatal intensive care patients. Cone Health's 2015 LRA shows 21,323 intensive care inpatient days of care, excluding neonatal intensive care for the period from October 1, 2013 through September 2014. The applicants address the neonatal ICU days of care in the response to Criteria and Standards for Neonatal Services (10A NCAC 14C .1400).

(B) *the number of patients initially treated at the facility and referred to other facilities for intensive care services; and*

-C- On page 44 of the application, the applicants state that during the period from July 1, 2014 through June 30, 2015, Cone Health treated 6 patients who were referred to other facilities for intensive care services, excluding neonatal intensive care services.

(C) *the number of patients initially treated at other facilities and referred to the applicant's facility for intensive care services.*

-C- On page 44 of the application, the applicants state that during the period from July 1, 2014 through June 30, 2015, Cone Health provided intensive care services to 12 patients who were initially treated at other facilities and then referred to Cone Health.

(3) the projected number of patients to be served and inpatient days of care to be provided by county of residence by specialized type of intensive care for each of the first twelve calendar quarters following completion of the proposed project, including all assumptions and methodologies;

-C- The applicants provide the projected discharges and days of care by county of patient origin for Cone Health's adult intensive care units (Moses Cone Hospital: 2 Heart, 2 Midwest, 4 North and 3 Midwest; and Wesley Long) in Exhibit 18, with the totals provided in the table below. The tables illustrate that Guilford and Rockingham county residents make up 67% and 14%, respectively, of the projected days of care, and 68% and 13%, respectively, of the projected discharges. Another 6% of patient days and discharges are residents of Randolph County.

Cone Health Adult Intensive Care Patient Days of Care by County of Residence

	FY2021				FY2022				FY2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Alamance	314	314	314	314	318	319	319	319	324	324	324	324
Forsyth	69	69	69	69	70	70	70	70	72	72	72	72
Guilford	4,318	4,319	4,319	4,319	4,386	4,386	4,388	4,388	4,458	4,458	4,458	4,458
Randolph	365	365	365	365	370	370	370	370	376	376	376	376
Rockingham	907	907	907	907	921	921	921	921	936	936	936	936
Other	456	456	456	456	463	463	463	463	471	471	471	471
Total Adult ICU Patient Days	6,428	6,429	6,429	6,429	6,531	6,531	6,532	6,532	6,636	6,636	6,636	6,636

Totals may not sum due to rounding
Other includes 47 other counties and nine other states as identified in Exhibit 18

Cone Health Adult Intensive Care Patient Discharges by County of Residence

	FY2021				FY2022				FY2023			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Alamance	19	19	19	19	19	19	19	19	19	19	19	19
Forsyth	5	5	5	5	5	5	5	5	5	5	5	5
Guilford	285	285	285	285	289	290	291	291	294	295	295	295
Randolph	24	24	24	24	25	25	25	25	25	25	25	25
Rockingham	55	55	55	55	56	56	56	56	56	57	57	57
Other	29	29	29	29	30	30	30	30	30	30	30	30
Total Adult ICU Patient Days	417	417	417	418	423	424	424	424	430	430	431	431

Totals may not sum due to rounding
Other includes 47 other counties and nine other states as identified in Exhibit 18

Assumptions:

- projected patient days and discharges are distributed based on Cone Health-Greensboro adult intensive care days and discharges as shown in Exhibit 33,
- half of the patient days and discharges from adult intensive care at Women's Hospital are assigned to Moses Cone Hospital 2 Midwest, as the new Women's and Children's Pavilion does not propose to include a designated intensive care unit,
- annual volumes are distributed equally across quarters, and
- patient days and discharges from adult intensive care units at Annie Penn Hospital and Alamance Regional Medical Center are excluded from the above projections because they are separately licensed.

(4) data from actual referral sources or correspondence from the proposed referral sources documenting their intent to refer patients to the applicant's facility;

-C- Exhibit 19 contains letters of support from physicians willing to refer patients to Moses Cone Hospital.

(5) documentation which demonstrates the applicant's capability to communicate effectively with emergency transportation agencies;

-C- Exhibit 20 contains documentation of Cone Health's ability to communicate effectively with emergency transportation agencies.

(6) documentation of written policies and procedures regarding the provision of care within the intensive care unit, which includes the following:

(A) the admission and discharge of patients;
(B) infection control;
(C) safety procedures; and
(D) scope of services.

-C- Exhibit 21 contains documentation of written policies and procedures regarding the provision of care to all patients at Cone Health, including those in the ICU.

(7) documentation that the proposed service shall be operated in an area organized as a physically and functionally distinct entity, separate from the rest of the facility, with controlled access;

-C- Exhibit 22 contains line drawings demonstrating that ICU services will be organized in a physically separate space, with controlled access. Exhibit 23 contains a letter from HKS, Inc Senior Vice President documenting that the ICU space will be physically and functionally distinct from the rest of the facility, with controlled access.

(8) documentation to show that the services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies;

-C- Exhibit 23 contains a letter from HKS, Inc. Senior Vice President documenting that the services will be offered in a physical environment that conforms to all applicable federal, state and local regulations

(9) a floor plan of the proposed area drawn to scale; and

-C- Exhibit 22 contains a floor plan of Moses Cone Hospital, including the Women's and Children's Pavilion and Unit 4 North, the unit where the additional ICU beds will be developed.

(10) documentation of a means for observation by unit staff of all patients in the unit from at least one vantage point.

-C- On page 46, the applicants state that Unit 4 North, the unit where additional ICU beds will be developed, will be renovated as part of the proposed project, to ensure it meets all physical requirements of an ICU. Exhibit 23 contains a letter from HKS, Inc. Senior Vice President documenting that the design will provide a means of observation by unit staff for all patients in the unit from at least one vantage point.

10A NCAC 14C .1203 PERFORMANCE STANDARDS

(a) The applicant shall demonstrate that the proposed project is capable of meeting the following standards:

(1) the overall average annual occupancy rate of all intensive care beds in the facility, excluding neonatal and pediatric intensive care beds, over the 12 months immediately preceding the submittal of the proposal, shall have been at least 70 percent for facilities with 20 or more intensive care beds, 65 percent for facilities with 10-19 intensive care beds, and 60 percent for facilities with 1-9 intensive care beds; and

-C- On page 47, the applicants provide data showing Cone Health's adult ICU beds operated at 70.0% occupancy for the 12-month period from July 1, 2014 through June 30, 2015.

(2) the projected occupancy rate for all intensive care beds in the applicant's facility, exclusive of neonatal and pediatric intensive care beds, shall be at least 70 percent for facilities with 20 or more intensive care beds, 65 percent for facilities with 10-19 intensive care beds, and 60 percent for facilities with 1-9 intensive care beds, in the third operating year following the completion of the proposed project.

-C- On page 48, the applicants provide data showing Cone Health's ICU bed occupancy (excluding neonatal and pediatric ICU) is projected to be 74.2% in the third operating year following the completion of the proposed project.

(b) All assumptions and data supporting the methodology by which the occupancy rates are projected shall be provided.

-C- The applicants' assumptions and data supporting the methodology by which the occupancy rates were determined are provided in Exhibit 33. The discussion regarding utilization found in Criterion (3) is incorporated herein by reference.

10A NCAC 14C .1204 SUPPORT SERVICES

(a) An applicant proposing new or additional intensive care services shall document the extent to which the following items are available:
(1) twenty-four hour on-call laboratory services including microspecimen chemistry techniques and blood gas determinations;
(2) twenty-four hour on-call radiology services, including portable radiological equipment;
(3) twenty-four hour blood bank services;
(4) twenty-four hour on-call pharmacy services;
(5) twenty-four hour on-call coverage by respiratory therapy;
(6) oxygen and air and suction capability;
(7) electronic physiological monitoring capability;
(8) mechanical ventilatory assistance equipment including airways, manual breathing bag and ventilator/respirator;
(9) endotracheal intubation capability;
(10) cardiac pacemaker insertion capability;
(11) cardiac arrest management plan;
(12) patient weighing device for bed patients; and
(13) isolation capability.

-C- Exhibit 11 contains a letter from the Senior Vice President of Cone Health documenting the availability of the items listed in (1) through (13) above.

(b) If any item in Subparagraphs (a)(1) - (13) of this Rule will not be available, the applicant shall document the reason why the item is not needed for the provision of the proposed services.

-NA- In Exhibit 1, the applicant documents the availability of the items listed in (1) through (13) above.

10A NCAC 14C .1205 STAFFING AND STAFF TRAINING

The applicant shall demonstrate the ability to meet the following staffing requirements:

(1) nursing care shall be supervised by a qualified registered nurse with specialized training in the care of critically ill patients, cardiovascular monitoring, and life support;

-C- Exhibit 24 contains a letter from Cone Health Executive Vice President and Chief Nursing Officer which states that nursing care is supervised by a qualified registered nurse with specialized training in the care of critically ill patients, cardiovascular monitoring, and life support.

(2) direction of the unit shall be provided by a physician with training, experience and expertise in critical care;

-C- Exhibit 25 contains a letter from the Chief Clinical Officer at Cone Health documenting that physicians serving as medical directors of intensive care units have and will continue to have training, experience, and expertise in critical care medicine.

(3) assurance from the medical staff that twenty-four hour medical and surgical on-call coverage is available; and

-C- Exhibit 25 contains a letter from the Chief Clinical Officer at Cone Health assuring 24-hour medical and surgical coverage. Exhibit 26 contains a copy of the medical staff bylaws indicating a requirement for members of the medical staff to provide emergency and inpatient consultation.

(4) inservice training or continuing education programs shall be provided for the intensive care staff.

-C- Exhibit 24 contains a letter from Cone Health Executive Vice President and Chief Nursing Officer confirming that continuing education programs are and will continue to be provided for intensive care staff.

SECTION .1400 CRITERIA AND STANDARDS FOR NEONATAL SERVICES

10A NCAC 14C .1402 INFORMATION REQUIRED OF APPLICANT

(a) *An applicant proposing to develop a new Level I nursery or increase the number of Level II, III or IV neonatal beds shall use the Acute Care Facility/Medical Equipment application form.*

-C- The applicants used the Acute Care Facility/Medical Equipment application form.

(b) *An applicant proposing to develop a new Level I nursery service or to increase the number of Level II, III or IV neonatal beds shall provide the following additional information:*

(1) *the current number of Level I nursery bassinets, Level II beds, Level III beds and Level IV beds operated by the applicant.*

-C- On page 52, the applicants state that Cone Health currently operates 50 Level I nursery bassinets and 36 Level III neonatal intensive care beds at Women's Hospital under the Moses Cone Hospital License #H0159 and 20 Level I nursery bassinets and 12 Level III neonatal intensive care beds at Alamance Regional Medical Center under License # H0272. However, in clarifying information, the applicants confirmed that the application, as well as the Cone Health 2015 Hospital License Renewal Application, erroneously refer to the neonatal intensive care beds as Level III beds, when they are actually Level IV beds. The following table reflects Cone Health's correct number and designation of neonatal beds. The Project Analyst uses the correct Level IV designation throughout the Findings when referring to Cone Health's neonatal intensive care beds.

	Moses Cone Hospital License # H0159	**Alamance Regional Medical Center License # H0272**
Level I Bassinets	50	20
Level IV Neonatal ICU beds	36	12

(2) *the proposed number of Level I nursery bassinets, Level II beds, Level III beds and Level IV beds to be operated following completion of the proposed project."*

-C- Following completion of the project, the applicants state on page 52, they will operate a total of 67 neonatal beds, distributed as follows:

	Moses Cone Hospital License # H0159	Alamance Regional Medical Center License # H0272
Level I Bassinets	50	20
Level IV Neonatal ICU beds	45	12

(3) evidence of the applicant's experience in treating the following patients at the facility during the past twelve months, including:

(A) the number of obstetrical patients treated at the acute care facility

-C- On page 53, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health treated 6,753 obstetrical patients at Women's Hospital.

(B) the number of neonatal patients treated in Level I nursery bassinets, Level II beds, Level III beds and Level IV beds, respectively;

-C- On page 53, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health treated 5,580 neonatal patients in Level I nursery bassinets and 652 neonatal patients in Level IV neonatal intensive care beds at Women's Hospital.

(C) the number of inpatient days at the facility provided to obstetrical patients;

-C- On page 53, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health provided 17,971 inpatient days of care to obstetrical patients at Women's Hospital.

(D) the number of inpatient days provided in Level II beds, Level III beds and Level IV beds, respectively;

-C- On page 53, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health provided 11,370 inpatient days of care in Level IV neonatal intensive care beds at Women's Hospital.

(E) the number of high-risk obstetrical patients treated at the applicant's facility and the number of high-risk obstetrical patients referred from the applicant's facility to other facilities or programs; and

-C- On page 53, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health treated 306 high-risk obstetrical patients at Women's Hospital. During the same timeframe, there were no high-risk obstetrical patients referred from Cone Health to other facilities or programs for treatment.

(F) the number of neonatal patients referred to other facilities for services, identified by required level of neonatal service (i.e. Level II, Level III or Level IV).

-C- On page 54, the applicants state that from July 1, 2014 to June 30, 2015, Cone Health referred 31 Level IV neonatal intensive care patients from Women's Hospital to other facilities for services.

(4) the projected number of neonatal patients to be served identified by Level I, Level II, Level III and Level IV neonatal services for each of the first three years of operation following the completion of the project, including the methodology and assumptions used for the projections.

-C- On page 54, the applicants state that Cone Health projects to serve the following number of neonatal patients by level for each of the first three years of operation following completion of the proposed project.

Projected Neonatal Patients

Type of Neonate	FFY 2021	FFY 2022	FFY 2023
Level I Patients	5,606	5,623	5,640
Level IV Patients	659	664	668
Total	**6,265**	**6,287**	**6,308**

The applicants provide the methodology and assumptions in Exhibit 33.

(5) the projected number of patient days of care to be provided in Level I bassinets, Level II beds, Level III beds, and Level IV beds, respectively, for each of the first three years of operation following completion of the project, including the methodology and assumptions used for the projections.

-C- The applicants provide the projected number of Level I and Level IV neonatal patient days for each of the first three project years on page 55 and in Exhibit 33, as shown below.

Projected Neonatal Patient Days

Type of Neonate	FFY 2021	FFY 2022	FFY 2023
Level I Patients	11,998	12,035	12,072
Level IV Patients	12,187	12,272	12,358
Total	**24,185**	**24,307**	**24,430**

The applicants provide the methodology and assumptions, in Exhibit 33. The discussion on projected utilization found in Criterion (3) is incorporated herein by reference.

(6) *if proposing to provide Level I or Level II neonatal services, documentation that at least 90 percent of the anticipated patient population is within 30 minutes driving time one-way from the facility."*

-NA- Cone Health is an existing provider of Level I nursery bassinet services.

(7) *if proposing to provide new Level I or Level II neonatal services, documentation of a written plan to transport infants to Level III or Level IV neonatal services as the infant's care requires."*

-NA- Cone Health is an existing provider of Level I nursery bassinet services.

(8) *evidence that the applicant shall have access to a transport service with at least the following components:*

(A) *trained personnel;*
(B) *transport incubator;*
(C) *emergency resuscitation equipment;*
(D) *oxygen supply, monitoring equipment and the means of administration;*
(E) *portable cardiac and temperature monitors; and*
(F) *a mechanical ventilator."*

-C- Exhibit 28 contains a letter from the Director of Cone Health CareLink confirming that access to the transport services, as listed above, will continue to be available.

(9) *documentation that the proposed service shall be operated in an area organized as a physically and functionally distinct entity with controlled access.*

-C- Exhibit 22 contains line drawings demonstrating that NICU services will be organized in a physically separate space, with controlled access. Exhibit 23 contains a letter from a Senior Vice President with HKS, Inc. documenting that the NICU space will be physically and functionally distinct from the rest of the facility, with controlled access.

(10) *documentation to show that the new or additional Level I, Level II, Level III or Level IV neonatal services shall be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies.*

-C- Exhibit 22 contains line drawings demonstrating that the new and existing Level I nursery and Level IV NICU services will be organized in a physically separate space, with controlled access. Exhibit 23 contains a letter from a Senior Vice President with HKS, Inc. documenting that the services will be offered in a physical environment that conforms to the requirements of federal, state, and local regulatory bodies.

(11) a detailed floor plan of the proposed area drawn to scale.

-C- Exhibit 22 contains a floor plan of Moses Cone Hospital, including the proposed Women's and Children's Pavilion.

(12) documentation of direct or indirect visual observation by unit staff of all patients from one or more vantage points.

-C- Exhibit 29 contains a detailed drawing which documents direct or indirect visual observation by unit staff of all patients from one or more vantage points. Exhibit 23 contains a letter from a Senior Vice President with HKS, Inc. confirming visual observation capabilities for all NICU rooms.

(13) documentation that the floor space allocated to each bed and bassinet shall accommodate equipment and personnel to meet anticipated contingencies.

-C- Exhibit 23 contains a letter from a Senior Vice President with HKS, Inc. which documents the floor space allocated to each bed and bassinet will adequately accommodate equipment and personnel to meet anticipated contingencies.

(c) *If proposing to provide new Level III or Level IV neonatal services the applicant shall also provide the following information:*

(1) documentation that at least 90 percent of the anticipated patient population is within 90 minutes driving time one-way from the facility, with the exception that there shall be a variance from the 90 percent standard for facilities which demonstrate that they provide very specialized levels of neonatal care to a large and geographically diverse population, or facilities which demonstrate the availability of air ambulance services for neonatal patients;
(2) evidence that existing and approved neonatal services in the applicant's defined neonatal service area are unable to accommodate the applicant's projected need for additional Level III and Level IV services;
(3) an analysis of the proposal's impact on existing Level III and Level IV neonatal services which currently serve patients from the applicant's primary service area;
(4) the availability of high risk OB services at the site of the applicant's planned neonatal service;
(5) copies of written policies which provide for parental participation in the care of their infant, as the infant's condition permits, in order to facilitate family adjustment and continuity of care following discharge; and
(6) copies of written policies and procedures regarding the scope and provision of care within the neonatal service, including but not limited to the following:
(A) the admission and discharge of patients;
(B) infection control;
(C) pertinent safety practices;
(D) the triaging of patients requiring consultations, including the transfer of patients to another facility; and

(E) the protocols for obtaining emergency physician care for a sick infant.

-NA- Cone Health is an existing provider of Level IV neonatal services.

10A NCAC 14C .1403 PERFORMANCE STANDARDS

(a) *An applicant shall demonstrate that the proposed project is capable of meeting the following standards:*

(1) if an applicant is proposing to increase the total number of neonatal beds (i.e., the sum of Level II, Level III and Level IV beds), the overall average annual occupancy of the combined number of existing Level II, Level III and Level IV beds in the facility is at least 75 percent, over the 12 months immediately preceding the submittal of the proposal;

-C- The applicants do not provide Level II and Level III services. The following historical data is provided by the applicants on page 58 of the application and excludes Level I nursery bassinets.

Level IV Utilization
July 1, 2014 – June 30, 2015

	Patient Days	Licensed Beds	Occupancy
Neonatal ICU	11,370	36	87%

(2) if an applicant is proposing to increase the total number of neonatal beds (i.e., the sum of Level II, Level III and Level IV beds), the projected overall average annual occupancy of the combined number of Level II, Level III and Level IV beds proposed to be operated during the third year of operation of the proposed project shall be at least 75 percent; and

-C- On page 59, the applicants project the following average annual occupancy of Level IV neonatal intensive care beds at the Women's and Children's Pavilion in FFY 2023.

Level IV Projected Utilization
FFY 2023

	Patient Days	Licensed Beds	Occupancy
Neonatal ICU	12,358	45	75%

(3) The applicant shall document the assumptions and provide data supporting the methodology used for each projection in this rule.

-C- The applicants provide the methodology and assumptions for the projections in Exhibit 33. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(b) *If an applicant proposes to develop a new Level III or Level IV service, the applicant shall document that an unmet need exists in the applicant's defined neonatal service area. The need for Level III and Level IV beds shall be computed for the applicant's neonatal service area by:*

(1) identifying the annual number of live births occurring at all hospitals within the proposed neonatal service area, using the latest available data compiled by the State Center for Health Statistics;
(2) identifying the low birth weight rate (percent of live births below 2,500 grams) for the births identified in (1) of this Paragraph, using the latest available data compiled by the State Center for Health Statistics;
(3) dividing the low birth weight rate identified in (2) of this Paragraph by .08 and subsequently multiplying the resulting quotient by four; and
(4) determining the need for Level III and Level IV beds in the proposed neonatal service area as the product of:
(A) the product derived in (3) of this Paragraph, and
(B) the quotient resulting from the division of the number of live births in the initial year of the determination identified in (1) of this Paragraph by the number 1000.

-NA – The applicants do not propose to develop new Level III or Level IV services.

10A NCAC 14C .1404 SUPPORT SERVICES

(a) *An applicant proposing to provide new Level I, Level II, Level III or Level IV services shall document that the following items shall be available, unless an item shall not be available, then documentation shall be provided obviating the need for that item:*

(1) competence to manage uncomplicated labor and delivery of normal term newborn;
(2) capability for continuous fetal monitoring;
(3) a continuing education program on resuscitation to enhance competence among all delivery room personnel in the immediate evaluation and resuscitation of the newborn and of the mother;
(4) obstetric services;
(5) anesthesia services;
(6) capability of cesarean section within 30 minutes at any hour of the day; and
(7) twenty-four hour on-call blood bank, radiology, and clinical laboratory services.

-NA– The applicants do not propose to develop new Level I, Level II, Level III or Level IV services.

(b) *An applicant proposing to provide new Level III or Level IV services shall document that the following items shall be available, unless any item shall not be available, then documentation shall be provided obviating the need for that item:*

(1) competence to manage labor and delivery of premature newborns and newborns with complications;
(2) twenty-four hour availability of microchemistry hematology and blood gases;
(3) twenty-four hour coverage by respiratory therapy;
(4) twenty-four hour radiology coverage with portable radiographic capability;
(5) oxygen and air and suction capability;
(6) electronic cardiovascular and respiration monitoring capability;
(7) vital sign monitoring equipment which has an alarm system that is operative at all times;
(8) capabilities for endotracheal intubation and mechanical ventilatory assistance;
(9) cardio-respiratory arrest management plan;
(10) isolation capabilities;
(11) social services staff;
(12) occupational or physical therapies with neonatal expertise; and
(13) a registered dietician or nutritionist with training to meet the special needs of neonates.

-NA– The applicants do not propose to develop new Level III or Level IV services.

(c) *An applicant proposing to provide new Level IV services shall document that the following items shall be available, unless any item shall not be available, then documentation shall be provided obviating the need for that item:*

(1) pediatric surgery services;
(2) ophthalmology services;
(3) pediatric neurology services;
(4) pediatric cardiology services;
(5) on-site laboratory facilities;
(6) computed tomography and pediatric cardiac catheterization services;
(7) emergency diagnostic studies available 24 hours per day;
(8) designated social services staff; and
(9) serve as a resource center for the statewide perinatal network.

-NA– The applicants do not propose to develop new Level IV services.

10A NCAC 14C .1405 STAFFING AND STAFF TRAINING

(a) *An applicant shall demonstrate that the following staffing requirements for hospital care of newborn infants shall be met:*

(1) If proposing to provide new Level I or II services the applicant shall provide documentation to demonstrate that: …

(a) the nursing care shall be supervised by a registered nurse in charge of perinatal facilities;
(b) a physician is designated to be responsible for neonatal care; and
(c) the medical staff will provide physician coverage to meet the specific needs of patients on a 24 hour basis.

-NA- The applicants do not propose to provide new Level I or Level II neonatal services.

(2) If proposing to provide new Level III services the applicant shall provide documentation to demonstrate that:

(a) the nursing care shall be supervised by a registered nurse;
(b) the service shall be staffed by a pediatrician certified by the American Board of Pediatrics; and
(c) the medical staff will provide physician coverage to meet the specific needs of patients on a 24 hour basis.

-NA- The applicants do propose to provide new Level III services.

(3) If proposing to provide new Level IV services the applicant shall provide documentation to demonstrate that:
(a) the nursing care shall be supervised by a registered nurse with educational preparation and advanced skills for maternal-fetal and neonatal services;
(b) the service shall be staffed by a full-time board certified pediatrician with certification in neonatal medicine; and
(c) the medical staff will provide physician coverage to meet the specific needs of patients on a 24 hour basis."

-NA- The applicants do not propose to provide new Level IV services.

(4) *All applicants shall submit documentation which demonstrates the availability of appropriate inservice training or continuing education programs for neonatal staff.*

-C- Exhibit 30 contains a letter from Women's Hospital's Vice President, Nursing and Patient Care Services documenting the availability of appropriate in-service training and continuing education programs for neonatal staff. Exhibit 31 contains a list of in-service training and continuing education programs offered to neonatal staff during the past twelve months.

(5) *All applicants shall submit documentation which demonstrates the proficiency and ability of the nursing staff in teaching parents how to care for neonatal patients following discharge to home.*

-C- Exhibit 30 contains a letter from Women's Hospital's Vice President, Nursing and Patient Care Services documenting the proficiency and ability of the nursing staff in teaching parents how to care for neonatal patients following discharge to home. Exhibit 32 contains the nursing policy on education for parents of newborn children.

(6) *All applicants shall submit documentation to show that the proposed neonatal services will be provided in conformance with the requirements of federal, state and local regulatory bodies.*

-C- Exhibit 23 contains a letter from a Senior Vice President with HKS, Inc. documenting that the proposed neonatal intensive care services will be offered in a physical environment that meets or exceeds federal, state, and local regulatory requirements.

SECTION .2100 – CRITERIA AND STANDARDS FOR SURGICAL SERVICES AND OPERATING ROOMS

10A NCAC 14C .2102 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish a new ambulatory surgical facility, to establish a new campus of an existing facility, to establish a new hospital, to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or to add a specialty to a specialty ambulatory surgical program shall identify each of the following specialty areas that will be provided in the facility:
- *(1) gynecology;*
- *(2) otolaryngology;*
- *(3) plastic surgery;*
- *(4) general surgery;*
- *(5) ophthalmology;*
- *(6) orthopedic;*
- *(7) oral surgery; and*
- *(8) other specialty area identified by the applicant.*

-NA- The applicants do not propose to establish a new ambulatory surgical facility, establish a new campus of an existing facility, establish a new hospital, convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program, or to add a specialty to a specialty ambulatory surgical program.

(b) An applicant proposing to increase the number of operating rooms in a service area, to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or to add a specialty to a specialty ambulatory surgical program shall provide the following information:

- *(1) the number and type of operating rooms in each licensed facility which the applicant or a related entity owns a controlling interest in and is located in the service area (separately identifying the number of dedicated open heart and dedicated C-Section rooms);*
- *(2) the number and type of operating rooms to be located in each licensed facility which the applicant or a related entity owns a controlling interest in and is located in the service area after completion of the proposed project and all previously approved projects related to these facilities (separately identifying the number of dedicated open heart and dedicated C-Section rooms);*
- *(3) The number of inpatient surgical cases, excluding trauma cases reported by Level I, II and III trauma centers, cases reported by designated burn intensive care units, and cases performed in dedicated open heart and dedicated C-Section rooms, and the number of outpatient surgical cases performed in the most recent 12 month period for which data is available, in the operating rooms in each licensed facility listed in response to Subparagraphs (b)(1) and(b)(2) of this Rule:*

(4) The number of inpatient surgical cases, excluding trauma cases reported by Level I, II and III trauma centers, cases reported by designated burn intensive care units, and cases performed in dedicated open heart and dedicated C-Section rooms, and the number of outpatient surgical cases projected to be performed in each of the first three operating years of the proposed project, in each licensed facility listed in response to Subparagraphs (b)(1) and (b)(2) of this Rule;

(5) A detailed description of and documentation to support the assumptions and methodology used in the development of the projections required by this Rule;

(6) The hours of operation of the proposed operating rooms;

(7) If the applicant is an existing facility, the average reimbursement received per procedure for the 20 surgical procedures most commonly performed in the facility during the preceding 12 months and a list of all services and items included in the reimbursement;

(8) The projected average reimbursement to be received per procedure for the 20 surgical procedures which the applicant projects will be performed most often in the facility and a list of all services and items in the reimbursement; and

(9) Identification of providers of pre-operative services and procedures which will not be included in the facility's charge.

-NA- The project does not propose to increase the number of operating rooms in a service area, convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or add a specialty to a specialty ambulatory surgical program.

(c) An applicant proposing to relocate existing or approved operating rooms within the same service area shall provide the following information:

(1) the number and type of existing and approved operating rooms in each facility in which the number of operating rooms will increase or decrease (separately identifying the number of dedicated open heart and dedicated C-Section rooms);

-C - The applicants provide the following information on page 67 of the application, representing the number and type of existing and approved operating rooms for Cone Health for each campus under License # H0159.

OR Type	Moses Cone Hospital	Wesley Long	Women's Hospital	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Dedicated Open Heart	4	0	0	0	0	4
Dedicated C-Section	0	0	0	0	0	0
Other Dedicated Inpatient	0	0	0	0	0	0
Shared	16	14	7	0	0	37
Ambulatory	0	0	0	8	5	13
Total	20	14	7	8	5	54

(2) *the number and type of operating rooms to be located in each affected facility after completion of the proposed project and all previously approved projects related to these facilities (separately identifying the number of dedicated open heart and dedicated C-Section rooms);*

-C- On page 68, the applicants provide the number and type of existing and approved operating rooms for Cone Health for each campus under License # H0159, following completion of the proposed project. Cone Health filed a concurrent certificate of need application on September 15, 2015 to replace ten operating rooms and renovate the operative services suite at Wesley Long. The applicants propose to delicense a total of eight ORs (four at Wesley Long and four at Moses Cone), assuming the approval and completion of both projects.

OR Type	Moses Cone Hospital	Wesley Long	Moses Cone Surgery Center	Wesley Long Surgery Center	Total
Dedicated Open Heart	4	0	0	0	4
Dedicated C-Section	0	0	0	0	0
Other Dedicated Inpatient	0	0	0	0	0
Shared	19	10	0	0	29
Ambulatory	0	0	8	5	13
Total	23	10	8	5	46

(3) *the number of inpatient surgical cases, excluding trauma cases reported by Level I, II, or III trauma centers, cases reported by designated burn intensive care units, and cases performed in dedicated open heart and dedicated C-section rooms, and the number of outpatient surgical cases performed in the most recent 12 month period for which data is available, in the operating rooms in each facility listed in response to Subparagraphs (c)(1) and (c)(2) of this Rule;*

-C- In Section II, page 69, the applicants provide the number of inpatient and outpatient surgical cases, excluding trauma cases and cases performed in dedicated open heart and C-section rooms, performed from July 1, 2014 through June 30, 2015, as shown below.

	Inpatient Cases	Outpatient Cases	Total Cases
Moses Cone Hospital	6,710	5,187	11,897
Wesley Long	3,250	2,619	5,869
Women's Hospital	2,217	2,148	4,365
Moses Cone Surgery Center	0	4,757	4,757
Wesley Long Surgery Center	0	1,574	1,574
Total	12,177	16,285	28,462

(4) the number of inpatient surgical cases, excluding trauma cases reported by level I, II, or III trauma centers, cases reported by designated burn intensive care units and cases performed in dedicated open heart and dedicated C-section rooms, and the number of outpatient surgical cases projected to be performed in each of the first three operating years of the proposed project, in each facility listed in response to Subparagraphs (c)(1) and (c)(2) of this Rule;

-C- The applicants provide the number of inpatient and outpatient surgical cases projected to be performed in each of the first three operating years of the proposed project in Exhibit 33. The following table summarizes the applicants' projections in Exhibit 33, excluding open heart, C-section and trauma.

Projected Inpatient and Outpatient Cases
PY1 - FFY 2021

	Inpatient Cases	Outpatient Cases	Total Cases
Moses Cone Hospital	8,234	4,672	12,906
Wesley Long	4,904	1,977	6,881
Moses Cone Surgery Center	0	7,624	7,624
Wesley Long Surgery Center	0	4,502	4,502
Total	13,138	18,775	31,913

Projected Inpatient and Outpatient Cases
PY2 - FFY 2022

	Inpatient Cases	Outpatient Cases	Total Cases
Moses Cone Hospital	8,313	4,812	13,125
Wesley Long	4,980	2,043	7,023
Moses Cone Surgery Center	0	7,802	7,802
Wesley Long Surgery Center	0	4,654	4,654
Total	13,293	19,311	32,604

Projected Inpatient and Outpatient Cases
PY3 - FFY 2023

	Inpatient Cases	Outpatient Cases	Total Cases
Moses Cone Hospital	8,393	4,957	13,350
Wesley Long	5,056	2,111	7,167
Moses Cone Surgery Center	0	7,984	7,984
Wesley Long Surgery Center	0	4,812	4,812
Total	13,449	19,865	33,314

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(5) *a detailed description of and documentation to support the assumptions and methodology used in the development of the projections required by this Rule;*

-C- The applicants refer to Exhibit 33 for documentation to support the assumptions and methodology used in the development of the projections required by this Rule. The discussion regarding utilization found in Criterion (3) is incorporated herein by reference.

(6) *the hours of operation of the facility to be expanded;*

-C- In Section II, page 70, the applicants state that Moses Cone Hospital is a general, acute care hospital and is designated as a level II Trauma Center and therefore, is open and operational 24 hours a day. The current scheduled hours for the operating rooms are 7 a.m. to 5 p.m. Monday through Friday; however, personnel are always on call in the event of an emergency.

(7) *the average reimbursement received per procedure for the 20 surgical procedures most commonly performed in each affected facility during the preceding 12 months and a list of all services and items included in the reimbursement;*

-C- The applicants provide a table with the current average reimbursement for the 20 most commonly performed surgical procedures performed at Moses Cone Hospital, Women's Hospital and Cone Health-Greensboro in Exhibit 34. The applicant states reimbursement includes all facility services rendered including nursing care, ancillary services, pharmacy services and all reimbursable supplies. Reimbursement does not include any professional services, including surgeon and anesthesiologist fees.

(8) the projected average reimbursement to be received per procedure for the 20 surgical procedures which the applicant projects will be performed most often in the facility to be expanded and a list of all services and items included in the reimbursement; and

-C- The applicants provide a table with the projected average reimbursement to be received per procedure for the 20 surgical procedures projected to be most commonly performed at Moses Cone Hospital, including the Women's and Children's Pavilion, following the completion of the proposed project, in Exhibit 34. The applicant states reimbursement includes all facility services rendered including nursing care, ancillary services, pharmacy services and all reimbursable supplies. Reimbursement does not include any professional services, including surgeon and anesthesiologist fees.

9) identification of providers of pre-operative services and procedures which will not be included in the facility's charge.

-C- In Section II, page 71, the applicants state that pre-operative services and procedures not included in the facility's charge include physician services provided in a physician office and any pre-operative imaging or laboratory services ordered by a physician.

(d) An applicant proposing to establish a new single specialty separately licensed ambulatory surgical facility pursuant to the demonstration project in the 2010 State Medical Facilities Plan shall provide:

(1) the single surgical specialty area in which procedures will be performed in the proposed ambulatory surgical facility;
(2) a description of the ownership interests of physicians in the proposed ambulatory surgical facility;
(3) a commitment that the Medicare allowable amount for self pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases shall be at least seven percent of the total revenue collected for all surgical cases performed in the proposed facility;
(4) for each of the first three full fiscal years of operation, the projected number of self-pay surgical cases;
(5) for each of the first three full fiscal years of operation, the projected number of Medicaid surgical cases;

(6) *for each of the first three full fiscal years of operation, the total projected Medicare allowable amount for the self pay surgical cases to be served in the proposed facility, i.e. provide the projected Medicare allowable amount per self-pay surgical case and multiply that amount by the projected number of self pay surgical cases;*

(7) *for each of the first three full fiscal years of operation, the total projected Medicare allowable amount for the Medicaid surgical cases to be served in the facility, i.e. provide the projected Medicare allowable amount per Medicaid surgical case and multiply that amount by the projected number of Medicaid surgical cases;*

(8) *for each of the first three full fiscal years of operation, the projected revenue to be collected from the projected number of self-pay surgical cases;*

(9) *for each of the first three full fiscal years of operation, the projected revenue to be collected from the projected number of Medicaid surgical cases;*

(10) *for each of the first three full fiscal years of operation, the projected total revenue to be collected for all surgical cases performed in the proposed facility;*

(11) *a commitment to report utilization and payment data for services provided in the proposed ambulatory surgical facility to the statewide data processor, as required by G.S. 131E-214.2;*

(12) *a description of the system the proposed ambulatory surgical facility will use to measure and report patient outcomes for the purpose of monitoring the quality of care provided in the facility;*

(13) *descriptions of currently available patient outcome measures for the surgical specialty to be provided in the proposed facility, if any exist;*

(14) *if patient outcome measures are not currently available for the surgical specialty area, the applicant shall develop its own patient outcome measures to be used for monitoring and reporting the quality of care provided in the proposed facility, and shall provide in its application a description of the measures it developed;*

(15) *a description of the system the proposed ambulatory surgical facility will use to enhance communication and ease data collection, e.g. electronic medical records;*

(16) *a description of the proposed ambulatory surgical facility's open access policy for physicians, if one is proposed;*

(17) *a commitment to provide to the Agency annual reports at the end of each of the first five full years of operation regarding:*

   (A) *patient payment data submitted to the statewide data processor as required by G.S. 131E-214.2;*

   (B) *patient outcome results for each of the applicant's patient outcome measures;*

   (C) *the extent to which the physicians owning the proposed facility maintained their hospital staff privileges and provided Emergency Department coverage, e.g. number of nights each physician is on call at a hospital; and*

   (D) *the extent to which the facility is operating in compliance with the representations the applicant made in its application relative to the*

single specialty ambulatory surgical facility demonstration project in the 2010 State Medical Facilities Plan.

-NA- The applicants do not propose to establish a new single specialty separately licensed ambulatory surgical facility pursuant to the demonstration project in the 2010 State Medical Facilities Plan.

10A NCAC 14C .2103 PERFORMANCE STANDARDS

(a) In projecting utilization, the operating rooms shall be considered to be available for use five days per week and 52 weeks per year.

-C- In Section II, page 73, the applicants state conformance with this rule.

(b) A proposal to establish a new ambulatory surgical facility, to establish a new campus of an existing facility, to establish a new hospital, to increase the number of operating rooms in an existing facility (excluding dedicated C-section operating rooms), to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or to add a specialty to a specialty ambulatory surgical program shall:

(1) demonstrate the need for the number of proposed operating rooms in the facility, which is proposed to be developed or expanded, in the third operating year of the project is based on the following formula: {[(Number of facility projected inpatient cases, excluding trauma cases reported by Level I or II trauma centers, cases reported by designated burn intensive care units and cases performed in dedicated open heart and C-Section rooms, times 3.0 hours) plus (Number of facilities projected outpatient cases times 1.5 hours) plus (Number of facility's projected outpatient cases times 1.5 hours)] divided by 1,872 hours} minus the facility's total number of existing and approved operating rooms and operating rooms proposed in another pending application, excluding one operating room for level I or II trauma centers, one operating room for facilities with designated burn intensive care units, and all dedicated open heart and C-section operating rooms or demonstrate conformance of the proposed project to Policy AC-3 in the State Medical Facilities Plan titled "Exemption From Plan Provisions for Certain Academic Medical Center Teaching Hospital Projects; and

(2) The number of rooms needed is determined as follows:

(A) in a service area which has more than 10 operating rooms, if the difference is a positive number greater than or equal to 0.5, then the need is the next highest whole number for fractions of 0.5 or greater and the next lowest whole number for fractions less than 0.5; and if the difference is a negative number less than 0.5, then the need is zero;

(B) in a service area which has 6 to 10 operating rooms, if the difference is a positive number greater than or equal to 0.3, then the need is the next highest whole number for fractions of 0.3 or greater and the next

lowest whole number for fractions less than 0.3, and if the difference is a negative number or a positive number less than 0.3, the need is zero; and

(C) in a service area which has five or fewer operating rooms, if the difference is a positive number greater than or equal to 0.2, then the need is the next highest whole number for fractions of 0.2 or greater and the next lowest whole number for fractions of less than 0.2; and the difference is a negative number or a positive number less than 0.2, the need is zero.

-NA- The applicants do not propose to establish a new ambulatory surgical facility, establish a new campus or an existing facility, establish a new hospital, increase the number of operating rooms in an existing facility (excluding dedicated C-section operating rooms), convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or add a specialty to a specialty ambulatory surgical program.

(c) A proposal to increase the number of operating rooms (excluding dedicated C-Sections operating rooms) in a service area shall:

(1) demonstrate the need for the number of proposed operating rooms in addition to the rooms in all of the licensed facilities identified in response to 10A NCAC 14C .2102(b)(2) in the third operating year of the proposed project based on the following formula: {[(Number of projected inpatient cases for all the applicant's or related entities' facilities, excluding trauma cases report by Level I or II trauma centers, cases reported by designated burn intensive care units and cases performed in dedicated open heart and C-section rooms, times 3.0 hours) plus (Number of projected outpatient cases for all the applicant's or related entities' times 1.5 hours)] divided by 1,872 hours} minus the total number of existing and approved operating rooms and operating rooms proposed in another pending application, excluding one operating room for Level I or II trauma centers, one operating room for facilities with designated burn intensive care units, and all dedicated open heart and C-section operating rooms in all of the applicant's or related entities' licensed facilities in the service area; and

(2) The number of rooms needed is determined as follows:

(A) in a service area which has more than 10 operating rooms, if the difference is a positive number greater than or equal to 0.5, then the need is the next highest whole number for fractions of 0.5 or greater and the next lowest whole number for fractions less than 0.5; and if the difference is a negative number or a positive number less than 0.5, the need is zero;

(B) in a service area which has 6 to 10 operating rooms, if the difference is a positive number greater than or equal to 0.3, then the need is the next highest whole number for fractions of 0.3 or greater and the next lowest whole number for fractions less than 0.3, and if the difference is

a negative number or a positive number less than 0.3, the need is zero; and

(C) in a service area which has five or fewer operating rooms, if the difference is a positive number greater than or equal to 0.2, then the need is the next highest whole number for fractions of 0.2 or greater and the next lowest whole number for fractions of less than 0.2; and if the difference is a negative number or a positive number less than 0.2, the need is zero.

-NA- The applicants do not propose to increase the number of operating rooms in the service area.

(d) An applicant that has one or more existing or approved dedicated C-section operating rooms and is proposing to develop an additional dedicated C-section operating room in the same facility shall demonstrate that an average of at least 365 C-sections per room were performed in the facility's existing dedicated C-section operating rooms in the previous 12 months and are projected to be performed in the facility's existing, approved and proposed dedicated C-section rooms during the third year of operation following completion of the project.

-NA- The applicants do not propose to develop an additional dedicated C-section room. The three operating rooms proposed to be located in the Women's and Children's Pavilion will be licensed as shared operating rooms.

(e) An applicant proposing to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or to add a specialty to a specialty ambulatory surgical program shall:

(1) provide documentation to show that each existing ambulatory surgery program in the service area that performs ambulatory surgery in the same specialty area as proposed in the application is currently utilized an average of at least 1,872 hours per operating room per year, excluding dedicated open heart and C-Section operating rooms. The hours utilized per operating room shall be calculated as follows: [(Number of projected inpatient cases, excluding open heart and C-sections performed in dedicated rooms times 3.0 hours) plus (Number of projected outpatient cases times 1.5 hours)] divided by the number of operating rooms, excluding dedicated open heart and C-Section operating rooms; and

(2) demonstrate the need in the third operating year of the project based on the following formula: [Total number of projected outpatient cases for all ambulatory surgery programs in the service area times 1.5 hours) divided by 1,872 hours] minus the total number of existing, approved and proposed outpatient or ambulatory surgical operating rooms and shared operating rooms in the service area. The need for the conversion is demonstrated if the difference is a positive number greater than or equal to one, after the number is rounded to the next highest number for fractions of 0.50 or greater.

-NA- This project does not propose to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgery program or to add a specialty to a specialty ambulatory surgery program.

(f) The applicant shall document the assumptions and provide data supporting the methodology used for each projection in this Rule.

-C- The applicants provide a description of the assumptions and methodology used in the development of Cone Health's projections in Exhibit 33. The discussion of projected utilization found in Criterion (3) is incorporated herein by reference.

10A NCAC 14C .2104 SUPPORT SERVICES

(a) An applicant proposing to establish a new ambulatory surgical facility, a new campus of an existing facility, or a new hospital shall provide copies of the written policies and procedures that will be used by the proposed facility for patient referral, transfer, and follow-up.

-NA- The applicants are not proposing to establish a new ambulatory surgical facility, a new campus of an existing facility, or a new hospital.

(b) An applicant proposing to establish a new ambulatory surgical facility, a new campus of an existing facility, or a new hospital shall provide documentation showing the proximity of the proposed facility to the following services:

(1) emergency services;
(2) support services;
(3) ancillary services; and
(4) public transportation.

-NA- The applicants are not proposing to establish a new ambulatory surgical facility, a new campus of an existing facility, or a new hospital.

10A NCAC 14C .2105 STAFFING AND STAFF TRAINING

(a) An applicant proposing to establish a new ambulatory surgical facility, to establish a new campus of an existing facility, to establish a new hospital, to increase the number of operating rooms in a facility, to convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or to add a specialty to a specialty ambulatory surgical program shall identify, justify and document the availability of the number of current and proposed staff to be utilized in the following areas:

(1) administration;
(2) pre-operative;
(3) post-operative;
(4) operating room; and
(5) other.

-NA- The applicants do not propose to establish a new ambulatory surgical facility, establish a new campus or an existing facility, establish a new hospital, increase the number of operating rooms in an existing facility (excluding dedicated C-section operating rooms), convert a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or add a specialty to a specialty ambulatory surgical program.

(b) The applicant shall identify the number of physicians who currently utilize the facility and estimate the number of physicians expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel.

-C- In Section II, page 78, the applicants state that Cone Health's Medical Staff includes more than 1,100 privileged physicians, including 183 surgeons in the Surgical Service, 77 physicians in the OB/GYN service and 21 dentists in the Dental Service eligible to utilize the operating rooms at Cone Health. The applicants also state there are 30 physicians in the Anesthesia Section of the Medical Staff. Exhibit 26 contains a copy of excerpts from Cone Health's Medical and Dental Staff Bylaws with the criteria used to extend privileges to members of the Medical and Dental Staff.

(c) The applicant shall provide documentation that physicians with privileges to practice in the facility will be active members in good standing at a general acute care hospital within the service area in which the facility is, or will be, located or documentation of contacts the applicant made with hospitals in the service area in an effort to establish staff privileges.

-C- Exhibit 26 contains a copy of excerpts from Cone Health's Medical and Dental Staff Bylaws which requires all physicians wishing to practice at Cone Health facilities to be members of its medical staff.

(d) The applicant shall provide documentation that physicians owning the proposed single specialty demonstration facility will meet Emergency Department coverage responsibilities in at least one hospital within the service area, or documentation of contacts the applicant made with hospitals in the service area in an effort to commit its physicians to assume Emergency Department coverage responsibilities.

-NA- The applicants do not propose to establish a new single specialty demonstration project.

10A NCAC 14C .2106 FACILITY

(a) An applicant proposing to establish a licensed ambulatory surgical facility that will be physically located in a physician's or dentist's office or within a general acute care hospital shall demonstrate that reporting and accounting mechanisms exist and can be used to confirm that the licensed ambulatory surgery facility is a separately identifiable entity physically and administratively, and is financially independent and distinct from other operations of the facility in which it is located.

-NA- The applicants do not propose to establish a licensed ambulatory surgical facility that will be physically located in a physician's or dentist's office or within a general acute care hospital.

(b) An applicant proposing a licensed ambulatory surgical facility or a new hospital shall receive accreditation from the Joint Commission for the Accreditation of Healthcare Organizations, the Accreditation Association for Ambulatory Health Care or a comparable accreditation authority within two years of completion of the facility.

-NA- The applicants do not propose to establish a licensed ambulatory surgical facility or a new hospital.

(c) All applicants shall document that the physical environment of the facility to be developed or expanded conforms to the requirements of federal, state, and local regulatory bodies.

-C- Exhibit 23 contains a letter from HKS, Inc. Senior Vice President indicating that the physical environment of the operating rooms will meet or exceed federal, state, and local regulatory requirements.

(d) An applicant proposing to establish a new ambulatory surgical facility, a new campus of an existing facility or a new hospital shall provide a floor plan of the proposed facility identifying the following areas:

(1) receiving/registering area;
(2) waiting area;
(3) pre-operative area;
(4) operating room by type;
(5) recovery area; and
(6) observation area.

NA- The applicants do not propose to establish a new ambulatory surgical facility, a new campus of an existing facility or a new hospital.

(e) An applicant proposing to expand by converting a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or by adding a specialty to a specialty ambulatory surgical program that does not propose to add physical space to the existing ambulatory surgical facility shall demonstrate the capability of the

existing ambulatory surgical program to provide the following for each additional specialty area:

(1) physicians;
(2) ancillary services;
(3) support services;
(4) medical equipment;
(5) surgical equipment;
(6) receiving/registering area;
(7) clinical support areas;
(8) medical records;
(9) waiting area;
(10) pre-operative area;
(11) operating rooms by type;
(12) recovery area; and
(13) observation area.

-NA- The applicants are not proposing to expand by converting a specialty ambulatory surgical program to a multispecialty ambulatory surgical program or by adding a specialty to a specialty ambulatory surgical program.