

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 18, 2019

Findings Date: December 18, 2019

Project Analyst: Gregory F. Yakaboski

Assistant Chief: Lisa Pittman

Project ID #: G-11796-19

Facility: Northside Dialysis Center of Wake Forest University

FID #: 000193

County: Forsyth

Applicants: Northside Dialysis Center of Wake Forest University  
Wake Forest University Health Sciences

Project: Add no more than 3 stations for a total of no more than 45 stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center)

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

Wake Forest University Health Sciences (WFUHS) and Northside Dialysis Center of Wake Forest University (Northside Dialysis Center), collectively “the applicants”, propose to add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center). Northside Dialysis Center currently offers a peritoneal dialysis (PD) program but does not currently offer a home hemodialysis (HHD) program.

**Need Determination**

The 2019 State Medical Facilities Plan (SMFP) provides a county need methodology and a facility need methodology for determining the need for new dialysis stations. According to Table D in the July 2019 Semiannual Dialysis Report (SDR), the county need methodology shows there is a deficit of two dialysis stations in Forsyth County. Therefore, because the deficit is less than 10 stations, there is no county need determination for new dialysis stations for Forsyth County.

However, the applicants are eligible to apply for additional stations based on the facility need methodology because the utilization rate reported for Northside Dialysis Center in the July 2019 SDR is 3.222 patients per station per week. This utilization rate was calculated based on 145 in-center dialysis patients and 45 certified dialysis stations. (145 patients / 45 stations = 3.222 patients per station per week). The facility need methodology requires a facility’s utilization rate in the latest SDR to be at least 3.2 patients per station per week to be eligible to apply for additional stations based on facility need.

Application of the facility need methodology indicates that up to a maximum of three additional stations are needed for this facility, as illustrated in the following table.

<b>OCTOBER 1 REVIEW-JULY SDR</b>		
Required SDR Utilization		80%
Center Utilization Rate as of 12/31/18		80.6%
Certified Stations		45
Pending Stations		
<b>Total Existing and Pending Stations</b>		<b>45</b>
In-Center Patients as of 12/31/18 (July 2019 SDR) (SDR2)		145
In-Center Patients as of 6/30/18 (Jan 2019 SDR) (SDR1)		141
Step	Description	Result
(i)	Difference (SDR2 - SDR1)	4
	Multiply the difference by 2 for the projected net in-center change	8
	Divide the projected net in-center change for 1 year by the number of in-center patients as of 6/30/18	0.0567
(ii)	Divide the result of Step (i) by 12	0.0047
(iii)	Multiply the result of Step (ii) by 12 (the number of months from 12/31/17 until 12/31/18)	0.0567
(iv)	Multiply the result of Step (iii) by the number of in-center patients reported in SDR2 and add the product to the number of in-center patients reported in SDR2	153.2270
(v)	Divide the result of Step (iv) by 3.2 patients per station	47.8834
	and subtract the number of certified and pending stations to determine the number of stations needed	2.8834

As shown in the table above, based on the facility need methodology for dialysis stations, the potential number of stations needed is three stations (rounding to the nearest whole number is allowed only in Step (v), where fractions of 0.5 and greater shall be rounded to the next highest whole number.) The applicants propose to add 3 stations pursuant to the facility need

methodology. Therefore, the facility need determination for dialysis stations is applicable to this review.

In summary, the application is consistent with the facility need determination for dialysis stations.

### **Policies**

There is one policy in the 2019 SMFP that is applicable to this review, Policy GEN-3: Basic Principles.

Policy GEN-3: Basic Principles, page 31 of the 2019 SMFP, states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

**Promote Safety and Quality** – The applicants describe how they believe the proposed project would promote safety and quality in Section B.3(a), pages 10-15, referencing other application sections and exhibits with specific details. The information provided by the applicants is reasonable and adequately supports the determination that the applicants’ proposal would promote safety and quality.

**Promote Equitable Access** - The applicants describe how they believe the proposed project would promote equitable access in Section B.3(b), pages 15-19, referencing other application sections and exhibits; and Section N.2(c), page 71. The information provided by the applicants is reasonable and adequately supports the determination that the applicants’ proposal would promote equitable access.

**Maximize Healthcare Value** - The applicants describe how they believe the proposed project would maximize healthcare value in Section B.3(c), page 19, referencing Sections F and K; and in Section N.2(a), page 71. The information provided by the applicants is reasonable and adequately supports the determination that the applicants’ proposal would maximize healthcare value.

The applicants adequately demonstrate how Northside Dialysis Center projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the facility need. Therefore, the application is consistent with Policy GEN-3.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center). Northside Dialysis Center currently offers a PD program but does not currently offer a HHD program.

## **Patient Origin**

On page 369, the 2019 SMFP defines the service area for dialysis stations as “...*the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining counties is a separate dialysis station planning area.*” Northside Dialysis Center is in Forsyth County. Thus, the service area for this review is Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates current and projected patient origin.

	Current (8/1/18 to 7/31/19)				OY2 (8/1/21 to 7/31/22)			
	# of IC Patients	% of Total	# of PD Patients	% of Total	# of IC Patients	% of Total	# of PD Patients	% of Total
Forsyth	141.00	97.92%	21.00	95.45%	160.90	98.01%	23.96	95.78%
Anson	1.00	0.69%	0.00	0.00%	1.09	0.66%	0.00	0.00%
Davidson	1.00	0.69%	0.00	0.00%	1.18	0.72%	0.00	0.00%
Yadkin	1.00	0.69%	0.00	0.00%	1.00	0.61%	0.00	0.00%
Rockingham	0.00	0.00%	1.00	4.55%	0.00	0.00%	1.05	4.22%
Total	144.00	100.00%	22.00	100.00%	164.17	100.00%	25.02	100.00%

Source: Section C, Tables on pages 22-23.

In Section C, page 23, the applicants provide the assumptions and methodology used to project its patient origin. The applicants assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, the applicants explain why they believe the population projected to utilize the proposed services needs the proposed services. The applicants state:

- The facility need methodology shows a need to add three dialysis stations to the existing Northside Dialysis Center facility.
- As of December 31, 2018, based on 45 certified stations, Northside Dialysis Center was operating at 80.56% utilization (See July 2019 SDR, page 43 and application page 44).
- As of February 28, 2020, three dialysis stations will be relocated from Northside Dialysis Center to Salem Kidney Center [Project ID #G-11676-19] thus reducing the number of stations at Northside Dialysis Center from 45 stations to 42 stations.
- In Sections C.3 and C.4, page 24, the applicants state that the facility must request additional stations now to head off excessive utilization in the future. In the table on page 24, based on 42 certified stations, the applicants project utilization of 89.54% at Northside Dialysis Center as of July 31, 2020 and utilization projected to reach 97.72% by July 31, 2022, if no stations are added.
- In Section C.4, page 25, the applicants state, “*“NDC currently serves 14 patients with infectious disease processes. As such, the need for isolation and accompanying station decontamination is real. The true 100% utilization rate for as many as 7 stations could be reduced to 2 patients per station from 4 patients per station. This means the facility’s calculable utilization rate as illustrated, above, is less than the facility’s actual utilization rate.”*

- There is a projected station deficit in Forsyth County of two stations per Table D *ESRD Dialysis Station Need Determinations by Planning Area*, page 62, of the July 2019 SDR.

The information is reasonable and adequately supported for the following reasons:

- the facility is currently operating at 80.56% capacity with 45 stations, the number of stations will be reduced to 42 pursuant to Project ID #G-11676-19, and the facility is expected to reach 89.54% capacity by July 31, 2020, if no stations are added,
- the applicants base the future need for services upon the facility’s historical patient utilization, applying the July 2019 SDR’s 5-year county AACR of 4.5%, 2.8%, 5.7%, 1.8% and 0.0% for patients from Forsyth, Anson, Davidson, Rockingham and Yadkin counties, respectively, to project growth in patient need at the facility.
- The facility need methodology from the July 2019 SDR shows a need for three additional dialysis stations at Northside Dialysis Center.

Projected Utilization

*In-Center Patients*

In Section C.3, page 24, the applicants provide the calculations used to arrive at the projected in-center patient census for the first two years of operation following the completion of the project. The following table provides historical and projected utilization of in-center dialysis patients at Northside Dialysis Center.

**Northside Dialysis Center In-Center Dialysis Utilization**

County	July 2019 SDR 5-Yr AACR	Beginning Census 7/31/2019	Growth as of Certification 7/31/2020	End of OY1 7/31/2021	End of OY2 7/31/2022
Forsyth	4.50%	141.00	147.35	153.98	160.90
Anson	2.80%	1.00	1.03	1.06	1.09
Davidson	5.70%	1.00	1.06	1.12	1.18
Rockingham	1.80%	0.00	0.00	0.00	0.00
Yadkin	0.00%	1.00	1.00	1.00	1.00
<b>Totals</b>		<b>144.00</b>	<b>150.43</b>	<b>157.15</b>	<b>164.17</b>

Totals may not sum due to rounding

Source: Table on page 24 of the application.

As the table above shows, the methodology used by the applicants achieves a projection of 157.15 in-center patients by the end of the first operating year, OY1, for a utilization rate of 3.49 patients per station per week or 87.25% (157 patients / 45 stations = 3.49/ 4 = 0.8725 or 87.25%). By the end of OY2, following the applicants methodology and assumptions, Northside Dialysis Center will have 164.17 in-center patients dialyzing at the center for a utilization rate of 91.1% (164 / 45 = 3.644 / 4 = .911 or 91.1%). The projected utilization of

3.5 patients per station per week for OY1 satisfies the 3.2 in-center patients per station threshold as required by 10A NCAC 14C .2203(b).

In Section C.3, pages 23-24, the applicants provide the methodology and assumptions used to project utilization at Northside Dialysis Center. Based on the facility need methodology, Northside Dialysis Center is eligible to add three dialysis stations.

The applicants' methodology and assumptions are summarized below:

- Existing patients are grouped by modality and county of origin, as of July 31, 2019.
- Utilization is based on current patients at Northside Dialysis Center, projected forward by applying the July 2019 SDR 5-year Average Annual Change Rate (AACR), by county of patient origin, to the current patient populations to project patient census through the end of Operating Year 2.
- OY1 ends July 31, 2021; OY2 ends July 31, 2022.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicants base the future utilization of services upon the facility's historical patient utilization,
- The applicants base the future need for services upon the facility's historical patient utilization, applying the July 2019 SDR's 5-year county AACR of 4.5%, 2.8%, 5.7%, 1.8% and 0.0% for patients from Forsyth, Anson, Davidson, Rockingham and Yadkin counties, respectively to project growth in patient need at the facility.
- Based on the Facility Need Methodology Northside Dialysis Center has a need for three dialysis stations.

#### *Peritoneal Patients*

The following table summarized from the table on page 24 shows the historical PD utilization at Northside Dialysis Center.

**Northside Dialysis Center PD Dialysis Historical Utilization  
As of 7/31/2019**

<b>County</b>	<b>PD</b>	<b>HH</b>	<b>Total</b>
PD Patients	22.00	0	22.96

Following the same assumptions and methodology as above, the applicants project 25.02 PD patients in OY2, as shown in Section C.3, pages 23 and 24.

Projected utilization is reasonable and adequately supported for the following reasons:

- the applicants base the future utilization of services upon the facility's historical patient utilization, and
- the applicants base the future need for services upon the facility's historical patient utilization, applying the July 2019 SDR's 5-year county AACR of 4.5%, 2.8%, 5.7%,

1.8% and 0.0% for patients from Forsyth, Anson, Davidson, Rockingham and Yadkin counties, respectively, to project growth in patient need at the facility.

**Access**

In Section L.2(b), page 63, the applicants state:

*“The facility fulfills its requirement for non-discrimination by accepting all persons with a diagnosis of ESRD regardless of race, color, national origin, sex, age or disability. Patients are accepted for care based upon specifically defined admissions criteria- a diagnosis of ESRD and appropriate referral for care. The facility’s design complies with ADA standards...”*

In Section C.7(a), page 28, the applicants state, *“Admission of a patient is based upon medical necessity and not the patient’s ability to pay. Patients may only access the facility’s services via physician referral due to a diagnosis of ESRD.”*

In supplemental information the applicants project the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

**Projected Payor Mix  
OY2**

<b>Payor Source</b>	<b>Percent of Total Patients</b>	<b>Percent of In-center Patients</b>	<b>Percent of PD Patients</b>
Private Pay	1.0%	1.00%	1.00%
Medicare	15.09%	16.00%	9.00%
Medicaid	4.48%	5.00%	1.00%
Medicare / Medicaid	22.44%	24.00%	12.00%
Commercial Insurance	8.08%	6.00%	22.00%
Medicare / Commercial	19.17%	18.00%	27.00%
VA	3.61%	4.00%	1.00%
Medicare Advantage	26.13%	26.00%	27.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Table in supplemental information.

The projected payor mix is reasonable and adequately supported.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicants adequately identify the population to be served.
- The applicants adequately explain why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicants project the extent to which all residents, including underserved groups, will have access to the proposed services (payer mix) and adequately supports its assumptions.

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

NA

The applicants do not propose a reduction or elimination of a service, or the relocation of a facility or a service. Therefore, Criterion (3a) is not applicable to this review.

- (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

The applicants propose to add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center).

In Section E, pages 36-38, the applicants describe the alternatives considered and explain why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Transfer Stations from a Contiguous County per Policy ESRD-2-* The applicants state that WFUHS, the parent of Northside Dialysis Center has dialysis facilities in the counties of Davie, Davidson, Guilford, Stokes, Surry and Yadkin which are all contiguous to Forsyth County. However, the applicants describe in detail on page 36 why transferring stations from any of those dialysis facilities to Northside Dialysis Center is not feasible. Therefore, this is not the least costly or most effective alternative.
- *Add Less than 3 Stations-* The facility need methodology identifies a need for 3 additional stations at Northside Dialysis Center. The applicants state that adding less than 3 additional

stations will not meet the projected patient needs. Therefore, this is not the least costly or most effective alternative.

On page 36, the applicants state that its proposal is the most effective alternative because the proposed project meets the projected patient population need of three dialysis stations using the facility need methodology.

The applicants adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- The application is conforming to all statutory and regulatory review criteria.
- The applicants provide credible information to explain why it believes the proposed project is the most effective alternative.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Wake Forest University Health Sciences and Northside Dialysis Center of Wake Forest University shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, Wake Forest University Health Sciences and Northside Dialysis Center of Wake Forest University shall materially comply with the last made representation.**
- 2. Pursuant to the facility need determination in the July 2019 SDR, Wake Forest University Health Sciences and Northside Dialysis Center of Wake Forest University shall develop no more than three additional dialysis stations for a total of no more than forty-five certified stations at Northside Dialysis Center upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center), which shall include any home hemodialysis training or isolation stations.**
- 3. Wake Forest University Health Sciences and Northside Dialysis Center of Wake Forest University shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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 add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center).

**Capital and Working Capital Costs**

In Section Q, Form F-1(a), page 81, the applicants project the total capital costs for the project as summarized below.

Site Costs	\$0
Construction Costs	\$0
Miscellaneous Costs (Medical Equipment & Furniture)	\$50,400
<b>Total</b>	<b>\$50,400</b>

In Section Q, Form F.1a, the applicants provide the assumptions used to project the capital cost.

In Section F, page 41, the applicants state that Northside Dialysis Center is an existing operational facility; therefore, there are no start-up or initial operating expenses.

**Availability of Funds**

In Section F, page 39, the applicants state that the capital cost will be funded as shown in the table below.

**Sources of Capital Cost Financing**

Type	Wake Forest University Health Sciences	Total
Loans		
Accumulated reserves or OE *	\$50,400	\$50,400
Bonds		
Other (Specify)		
<b>Total Financing</b>	<b>\$50,400</b>	<b>\$50,400</b>

\* OE = Owner's Equity

In Exhibit F-2(c)(ii), the applicants provide a letter dated September 15, 2019, from the President of the Wake Forest Baptist Health System, authorizing the project and committing \$50,400 for the development of the project. Exhibit F-2(c)(iii) contains Consolidated Financial Statements for Wake Forest University for the fiscal year ended June 30, 2018, showing WFUHS with \$16,242,000 in cash and cash equivalents, \$1.37 billion in total assets and \$794,745,000 in net assets.

The applicants adequately demonstrate the availability of funds for the capital needs of the project.

**Financial Feasibility**

The applicants provide pro forma financial statements for the first two full fiscal years of operation following completion of this project. In Form F.2, the applicants project that revenues will exceed operating expenses in the first two operating years of this project, as shown in the table below.

	1 <sup>st</sup> Full Fiscal Year	2 <sup>nd</sup> Full Fiscal Year
Total Treatments	26,550	27,750
Total Gross Revenues (Charges)	\$48,842,177	\$51,049,733
Total Net Revenue	\$7,832,206	\$8,185,441
Average Net Revenue per treatment	\$295	\$295
Total Operating Expenses (Costs)	\$6,017,900	\$6,347,233
Average Operating Expense per treatment	\$227	\$229
Net Income	\$1,814,306	\$1,838,209

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

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicants adequately demonstrate that the capital costs are based on reasonable and adequately supported assumptions.
  - The applicants adequately demonstrate availability of sufficient funds for the capital needs of the proposal.
  - The applicants adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center).

On page 369, the 2019 SMFP defines the service area for dialysis stations as “...*the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining counties is a separate dialysis station planning area.*” Northside Dialysis Center is in Forsyth County. Thus, the service area for this review is Forsyth County. Facilities may also serve residents of counties not included in their service area.

According to Table B of the July 2019 SDR, there are five existing dialysis facilities in Forsyth County which are operational. Information on these dialysis facilities, from Table B of the July 2019 SDR, is provided below:

Dialysis Facility	# of Certified Stations	Percent Utilization	Patients Per Station
Miller Street Dialysis Center of Wake Forest University	44	80.11%	3.2045
NC Baptist Hospital ESRD	4	12.50%	0.5000
Piedmont Dialysis Center of Wake Forest University	58	78.02%	3.1207
Salem Kidney Center of Wake Forest University	45	85.00%	3.4000
Northside Dialysis Center of Wake Forest University	45	80.56%	3.2222

Source: July 2019 SDR, Table B, page 43.

In Section G, pages 44-45, the applicants explain why they believe the proposal would not result in the unnecessary duplication of existing dialysis services in Forsyth County. The applicants state:

*“County-wide, Forsyth is projected to have a 2-station deficit ... The patients projected to be served by this project are the existing and projected patients who will attend NDC,*

*only. Those patients do not reside exclusively in Forsyth County, but in Forsyth and multiple surrounding counties. ... this application is filed in compliance with the requirements of both Facility Need Methodology and the Performance Standards for ESRD services, all stations awarded as a result of this application will not result in an unnecessary duplication of existing or approved dialysis stations in the service area, which is Forsyth County, because the applicable need is not for the service area, but it is for NDC, solely”*

The applicants adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- There is a facility need determination at Northside Dialysis Center, as calculated using the facility need methodology in the July 2019 SMFP, for the proposed addition of three stations.
- The applicants adequately demonstrate that the proposed stations are needed in addition to the existing stations in Forsyth County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 Q, Form H, page 92, the applicants provide current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

POSITION	Current FTE Positions as of 7/31/19	PROJECTED FTE POSITIONS OY2 (8/1/2021 to 7/31/2022)
RN	6.13	7.50
LPN	1.00	1.00
Patient Care Tech	15.75	20.00
Clinical Nurse Manager (DON)	1.00	1.00
Dietician	1.90	2.00
Social Worker	2.00	2.00
Home Training Nurse	1.00	1.00
Dialysis Tech	2.00	2.00
Bio-med Technician	1.00	1.00
Clerical	3.00	3.00
<b>Total</b>	<b>34.78</b>	<b>40.50</b>

Source: Sections Q, Form H, page 92 of the application.

The assumptions and methodology used to project staffing are provided in Section Q, Form H. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in Form F.2, which is found in Section Q. In Section H.2 and H.3, pages 46-48, the applicants describe the methods used to recruit or fill new positions and its existing training and continuing education programs. In Section H, page 49, the applicants identify the current medical director. In Exhibit H-4(b), the applicants provide a letter from the medical director indicating an interest in continuing to serve as medical director for the proposed services. In Exhibits H-3, H-4(a)(i) and H-4(a)(ii), the applicants provide supporting documentation.

The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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.

In Section I, page 51, the applicants state that the following ancillary and support services are necessary for the proposed services:

<b>NORTHSIDE DIALYSIS CENTER Ancillary and Support Services</b>	
<b>Services</b>	<b>Provider</b>
In-center dialysis/maintenance	On Premises
Self-care training (in-center)	On Premises
Home training Home Hemodialysis Peritoneal Dialysis Accessible follow-up program	Piedmont Dialysis Center On Premises On Premises
Psychological counseling	On Premises with appropriate referral after evaluation by MSW
Isolation – hepatitis	On Premises
Nutritional counseling	On Premises
Social Work services	On Premises
Acute dialysis in an acute care setting	Wake Forest Baptist Hospital
Emergency care	Wake Forest Baptist Hospital
Blood bank services	Wake Forest Baptist Hospital
Diagnostic and evaluation services	On Premises
X-ray services	Wake Forest Baptist Hospital
Laboratory services	Meridian Laboratory Corp
Pediatric nephrology	Wake Forest Baptist Hospital
Vascular surgery	Wake Forest Baptist Hospital
Transplantation services	Wake Forest Baptist Hospital
Vocational rehabilitation & counseling	On Premises with appropriate referral after evaluation by MSW
Transportation	Social Workers, Department of Social Services, Grant Agencies, Individual Transport Agencies

On page 51-54, the applicants adequately explain how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits I-1(b)(iii), 1(b)(v), 1(b)(xviii); Exhibits I-2(a), 2(b), 2(c) and Exhibits H-4(a)(i) and 4(a)(ii).

In Section I.2, pages 54-55, the applicants describe Northside Dialysis Center’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits I-2(a), 2(b), 2(c)(i), 2(c)(ii), 2(c)(iii), 2c(iv) and Exhibit M-1.

The applicants adequately demonstrate that the proposed services will be coordinated with the existing health care system.

**Conclusion**

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

NA

The applicants do not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicants do not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicants are not HMOs. Therefore, Criterion (10) is not applicable to this review.

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

NA

The applicants do not propose any new construction or major renovations to existing space. Therefore, Criterion (12) is not applicable to this review.

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

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In supplemental information the applicants provide the historical payor mix during the last full OY (8/1/2018 to 7/31/2019) for the proposed services, as shown in the table below.

**Northside Dialysis Center Payor Mix  
 Last Full OY ((8/1/2018 to 7/31/2019)**

<b>Payor Source</b>	<b>Percent of Total Patients</b>	<b>Percent of In-center Patients</b>	<b>Percent of PD Patients</b>
Private Pay	0.86%	1.00%	0.00%
Medicare	13.61%	15.00%	5.00%
Medicaid	6.58%	7.00%	4.00%
Medicare / Medicaid	22.48%	24.00%	13.00%
Commercial Insurance	4.66%	3.00%	15.00%
Medicare / Commercial	17.72%	18.00%	16.00%
VA	4.86%	5.00%	4.00%
Medicare Advantage	29.22%	27.00%	43.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Table in supplemental information.

In Section L, page 61, the applicants provide the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	43.98%	52.60%
Male	56.02%	47.40%
Unknown	n/a	n/a
64 and Younger	51.20%	84.00%
65 and Older	48.80%	16.00%
American Indian	n/a	0.90%
Asian	n/a	2.60%
Black or African-American	57.83%	27.50%
Native Hawaiian or Pacific Islander	n/a	0.10%
White or Caucasian	19.88%	66.70%
Other Race	22.90%	15.30%
Declined / Unavailable	n/a	n/a

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicants adequately document the extent to which medically underserved populations currently use the applicants' existing services in comparison to the percentage of the population in the applicants' service area which is medically underserved. 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L.2, pages 62-63, the applicants state:

*“The facility is not required nor obligated to provide uncompensated care or community service. ... The facility fulfills its requirement for non-discrimination by accepting all persons with a diagnosis of ESRD regardless of race, color, national origin, sex, age or disability.”*

In Section L.2, page 64, the applicants state that there have been no civil rights access complaints filed against the facility within the last five years.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In supplemental information the applicants project the following payor mix for the proposed services during the second full fiscal year of operation following completion of the project, as shown in the table below.

**Projected Payor Mix  
OY2**

<b>Payor Source</b>	<b>Percent of Total Patients</b>	<b>Percent of In-center Patients</b>	<b>Percent of PD Patients</b>
Private Pay	1.0%	1.00%	1.00%
Medicare	15.09%	16.00%	9.00%
Medicaid	4.48%	5.00%	1.00%
Medicare / Medicaid	22.44%	24.00%	12.00%
Commercial Insurance	8.08%	6.00%	22.00%
Medicare / Commercial	19.17%	18.00%	27.00%
VA	3.61%	4.00%	1.00%
Medicare Advantage	26.13%	26.00%	27.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Table in supplemental information.

As shown in the table above, during the second full calendar year of operation, the applicants project that 1% of the dialysis patients will be private pay patients and 87.31% will have all or part of their services paid for by Medicare and/or Medicaid.

On pages 64-65, and in supplemental information, the applicants provide the assumptions and methodology used to project payor mix during the first and second fiscal full years of operation following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons:

- the applicants' proposed patient origin is comparable to its historical patient origin, and
- the applicants project future payor mix based on the facility's average monthly payor mix by payor type for each of the last five operating years.

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that 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 L.5, pages 67-68, the applicants adequately describe the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section M, page 70, the applicants describe the extent to which health professional training programs in the area have access to the facility for training purposes and provide supporting documentation in Exhibit M-1.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application.

Based on that review, the Agency concludes that the applicants adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicants propose to add three dialysis stations to Northside Dialysis Center for a total of 45 dialysis stations upon completion of this project and Project ID #G-11676-19 (relocate 3 stations to Salem Kidney Center).

On page 369, the 2019 SMFP defines the service area for dialysis stations as “...the dialysis station planning area in which the dialysis station is located. Except for the Cherokee-Clay-Graham Multicounty Planning Area and the Avery-Mitchell-Yancey Multicounty Planning Area, each of the 94 remaining counties is a separate dialysis station planning area.” Northside Dialysis Center is in Forsyth County. Thus, the service area for this review is Forsyth County. Facilities may also serve residents of counties not included in their service area.

According to Table B of the July 2019 SDR, there are five existing dialysis facilities in Forsyth County which are operational. Information on these dialysis facilities, from Table B of the July 2019 SDR, is provided below:

Dialysis Facility	# of Certified Stations	Percent Utilization	Patients Per Station
Miller Street Dialysis Center of Wake Forest University	44	80.11%	3.2045
NC Baptist Hospital ESRD	4	12.50%	0.5000
Piedmont Dialysis Center of Wake Forest University	58	78.02%	3.1207
Salem Kidney Center of Wake Forest University**	45	85.00%	3.4000
Northside Dialysis Center of Wake Forest University	45	80.56%	3.2222

Source: July 2019 SDR, Table B, page 43.

In Section N, pages 71-72, the applicants describe the expected effects of the proposed services on competition in the service area and discuss how any enhanced competition in the service area

will promote the cost-effectiveness, quality and access to the proposed services. On page 71, the applicants state:

*“Given this application is to meet NDC’s individually-projected station need... competition in the proposed service area should not be impacted... NDC makes no prediction to serve patients who currently attend other facilities. Additional availability of dialysis service at NDC will not impact competition in the proposed service area, but will enhance the ability of persons suffering from ESRD in Forsyth and surrounding counties to receive ESRD care within Forsyth County. ... The 3 additional stations will represent additional access to service by all persons with ESRD, including medically underserved, reducing their need to travel outside of their home county for dialysis care, now, and in the future. This will reduce a financial burden on the patient and community resources, overall.”*

The applicants adequately describe the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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

In Section Q, Form A, page 77, the applicants identify the dialysis facilities located in North Carolina and owned, operated or managed by the applicants or a related entity. The applicants identify a total of 18 WFUHS dialysis facilities located in North Carolina.

In Section O, pages 73-74, the applicants state that during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in

eleven of the 18 facilities. The applicants state that at the time of application submittal, all facilities were in compliance. After reviewing and considering information provided by the applicants and considering the quality of care provided at all 18 facilities, the applicants provide 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 application is conforming with all applicable Criteria and Standards for End-Stage Renal Disease Services. The specific criteria are discussed below.

## **SECTION .2200 – CRITERIA AND STANDARDS FOR END-STAGE RENAL DISEASE SERVICES**

### **10A NCAC 14C .2203 PERFORMANCE STANDARDS**

(a) An applicant proposing to establish a new End Stage Renal Disease facility shall document the need for at least 10 stations based on utilization of 3.2 patients per station per week as of the end of the first operating year of the facility, with the exception that the performance standard shall be waived for a need in the State Medical Facilities Plan that is based on an adjusted need determination.

-NA- The applicants are not proposing to establish a new ESRD facility.

(b) An applicant proposing to increase the number of dialysis stations in an existing End Stage Renal Disease facility or one that was not operational prior to the beginning of the review period but which had been issued a certificate of need shall document the need for the additional stations based on utilization of 3.2 patients per station per week as of the end of the first operating year of the additional stations.

-C- The projected utilization of 3.49 patients per station per week for OY1 conforms to this Rule.

(c) An applicant shall provide all assumptions, including the methodology by which patient utilization is projected.

- C- In Sections C, pages 22-24, the applicants provide the assumptions and methodology used to project utilization of the facility.