

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: April 14, 2021

Findings Date: April 14, 2021

Project Analyst: Gregory F. Yakaboski

Team Leader: Fatimah Wilson

Project ID #: P-12012-21

Facility: Brynn Marr Hospital

FID #: 943044

County: Onslow

Applicants: Brynn Marr Hospital, Inc.  
Universal Health Services, Inc.

Project: Relocate no more than 10 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY -1 for a total of no more than 82 inpatient psychiatric beds (60 child/adolescent inpatient psychiatric beds and 22 adult inpatient psychiatric beds) upon completion

### REVIEW CRITERIA

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 applicants, Brynn Marr Hospital, Inc. (BMH, Inc) and Universal Health Services, Inc. (UHS), hereinafter collectively referred to as the “applicant”, proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital (BMH), pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

## **Need Determinations**

There are no need determinations in the 2021 State Medical Facilities Plan (SMFP) applicable to the proposed project.

## **Policies**

There are three policies in the 2021 SMFP which are applicable to this review: Policy MH-1: Linkages between Treatment Settings, Policy PSY-1: Transfer of Beds from State Psychiatric Hospitals to Community Facilities, and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.

### **Policy MH-1: Linkages between Treatment Settings** states:

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

Exhibit B.14.b contains a copy of a letter from the applicant to the local management entity-managed care organization (LME/MCO), Trillium Health Resources (Trillium), demonstrating that the LME/MCO was contacted and invited to comment on the proposed services. Exhibit B.15.c contains a copy of a memorandum of agreement (MOA) for the transfer of psychiatric inpatient beds from Broughton Hospital to Brynn Marr Hospital, signed by Trillium, the North Carolina Department of Health and Human Services (NCDHHS) and the applicant, which demonstrates that Trillium has knowledge of and is in agreement with the proposed transfer of beds from Broughton Hospital to Brynn Marr Hospital. Therefore, the application is consistent with Policy MH-1.

### **Policy PSY-1: Transfer of Beds from Psychiatric Hospitals to Community Facilities** states:

*“Beds in the state psychiatric hospitals used to serve short-term psychiatric patients may be relocated to community facilities through the certificate of need process. However, before beds are transferred out of the state psychiatric hospitals, services and programs shall be available in the community. State psychiatric hospital beds that are relocated to community facilities shall be closed within 90 days following the date the transferred beds become operational in the community.*

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

*are to be located, the secretary of the North Carolina Department of Health and Human Services, and the person submitting the proposal.”*

The applicant has submitted a CON application proposing to relocate 10 adult psychiatric inpatient beds from Broughton to Brynn Marr Hospital for a total of no more than 82 inpatient psychiatric beds upon project completion. In Section B, pages 25-26, the applicant states:

*“BMH currently offers inpatient and outpatient psychiatric services and programs at its facility in Onslow County. ... BMH is committed to continuing to serve the type of short-term patient normally placed at state psychiatric hospitals. Please see Exhibit B.15.b for a letter from BMH Chief Executive Officer indicating intent to continue offering these services.”*

Exhibit B.15.c contains a copy of a MOA for the relocation of psychiatric inpatient beds from Broughton Hospital to Brynn Marr Hospital, signed by Trillium, the NCDHHS stating the applicant's commitment to serving patients of the same types and levels as those served by state psychiatric hospitals. Therefore, the application is consistent with Policy PSY-1.

**Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities** 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, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*

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

The proposed capital expenditure for this project is greater than \$2 million but less than \$5 million. In Section B, page 27, the applicant describes its plan to assure improved energy efficiency and water conservation and states that it “...will ensure that the proposed additional inpatient psychiatric beds will be developed in physical spaces designed to be in compliance with all applicable federal, state, and local building codes, and requirements for energy

*efficiency and water conservation... During the design of this project, the applicants will work with the project architects and engineers to assure that the latest technologies for enhanced building energy and water conservation (including high SEER ratings; T8 fluorescent bulbs; high efficiency hot water heaters, and low-flow shower heads) are evaluated for the project an incorporated into the facility addition where most appropriate.” Therefore, the application is consistent with Policy GEN-4.*

## **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 following reasons:

- The applicant adequately demonstrates that the proposal is consistent with Policy MH-1, by providing documentation that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services;
- The applicant adequately demonstrates that the proposal is consistent with Policy PSY-1, by including a written memorandum of agreement between the local management entity-managed care organization serving the county where the beds are to be located, the secretary of the North Carolina Department of Health and Human Services, and the applicant; and
- The applicant adequately demonstrates that the application is consistent with Policy GEN-4 by providing a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

(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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

## C

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

**Patient Origin**

N.C. Gen. Stat. §131E-176(24a) states, “*Service area. - The area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” Page 284 of the 2021 SMFP defines the service area for psychiatric inpatient beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities and substance use disorder services in which the bed is located.*” Per Table 14B, page 288, the LME-MCO for this project is Trillium which includes Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans Pitt, Tyrell, and Washington counties. The applicant proposes to relocate beds to one of the counties in the Trillium LME-MCO service area. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

**Brynn Marr Hospital Adult Inpatient Psychiatric Services**

County	Historical (CY2019)		Third Full FY of Operation following Project Completion (CY2024)	
	Patients	% of Total	Patients	% of Total
Onslow	135	22.4%	132	22.3%
Wake	65	10.7%	63	10.7%
Cumberland	29	4.7%	28	4.7%
Craven	24	3.9%	23	3.9%
New Hanover	23	3.7%	22	3.7%
Carteret	19	3.3%	19	3.3%
Mecklenburg	17	2.9%	17	2.9%
Johnston	15	2.6%	15	2.6%
Pitt	14	2.4%	14	2.4%
Durham	13	2.2%	13	2.2%
Wayne	13	2.2%	13	2.2%
Brunswick	12	2.0%	12	2.0%
Lenoir	11	1.8%	11	1.8%
Robeson	11	1.8%	11	1.8%
Harnett	8	1.3%	8	1.3%
Orange	8	1.3%	8	1.3%
Duplin	7	1.2%	7	1.2%
Hoke	7	1.2%	7	1.2%
Cabarrus	7	1.1%	6	1.1%
Columbus	7	1.1%	6	1.1%
Person	7	1.1%	6	1.1%
Sampson	7	1.1%	6	1.1%
Scotland	7	1.1%	6	1.1%
Vance	7	1.1%	6	1.1%
Guilford	6	1.0%	6	1.1%
Other NC Counties	116	19.2%	113	19.1%
Other States	9	1.5%	9	1.5%
Total	603	100.0%	590	100.0%

Source: Table on page 31 of the application and supplemental information.

In Section C.3, page 35, the applicant provides the assumptions and methodology used to project its patient origin.

*“BMH projected the number of patients by county based upon the projected number of admissions during the initial three project years... and upon its historical patient origin by county...”*

The applicant’s assumptions are reasonable and adequately supported based on the following reasons:

- The applicant relied on historical patient origin from the last full fiscal year (CY2019).
- The applicant incorporated projected patient utilization as shown in Section Q.
- The applicant, in the past, has managed intense adult inpatient demand of greater than 100% adult inpatient psychiatric bed utilization on a short term basis by turning over a patient bed on the same day of an adult discharge, however, the applicant states that this strategy is not sustainable long-term.

### **Analysis of Need**

In Section C, pages 37-53, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 38, the applicant states the specific need for the project is comprised of several factors, including:

- Increasing prevalence of behavioral health issues in the adult population, including Serious Mental Illness and Major Depressive Episodes (pages 38-43);
- Increasing inpatient psychiatric bed utilization in Trillium Health Resources LME service area and North Carolina (pages 43-44);
- High utilization of adult inpatient psychiatric beds at BMH (page 44);
- Growing population in Trillium Health Resources LME service area (pages 44-48);
- Limited access to adult inpatient psychiatric beds in the Trillium Health Resources LME service area and throughout North Carolina (page 48);
- Psychiatric patient boarding in hospital Emergency Departments (pages 49-51);
- North Carolina State Mental Health Initiative (page 52); and
- Federal Parity Laws and the Affordable Care Act (pages 52-53).
- There are no other providers of inpatient psychiatric services in Onslow County (Section E, page 68).

The information is reasonable and adequately supported based on the following reasons:

- The information relative to the need for inpatient psychiatric care throughout North Carolina is based upon published statistical data on mental health in North Carolina.
- The Patient Protection and Affordable Care Act (Affordable Care Act) provided for an expansion of coverage for mental health and substance abuse disorders by requiring coverage by health insurance plans, creating greater access to such services and thus maintaining demand for those service.

- The applicant cites data that one in eight hospital emergency room visits involve a psychiatric emergency.
- BMH’s existing 12-bed adult psychiatric inpatient unit has been operating at or above 130% occupancy over the last three years.
- According to data from the North Carolina office of State Budget and Management, the population of Onslow County and the overall Trillium service area is projected to grow, which will impact the demand for psychiatric inpatient services.

Projected Utilization

In Section Q, Forms C.1a and C.1b, the applicant provides historical utilization for CY2019 for Brynn Marr Hospital adult inpatient psychiatric beds and projected utilization for the first three full fiscal years, CY2022 – CY2024, illustrated in the following tables.

**Brynn Marr Hospital Adult Inpatient Psychiatric Beds: Historical and Interim Utilization**

	Last Full FY (CY2019)	Interim* (CY2020)	Interim (CY2021)
# of Adult Inpatient Psychiatric Beds	12	12	12
Days of Care	6,238	5,698	6,032
Occupancy*	142.4%	130.1%	137.7%

\*Per clarification the data for December 2020 was annualized based on the first eleven months of CY2020 data.

\*\*Calculated: # of patient days of care/ 365 days / # of beds = occupancy rate.

**Brynn Marr Hospital Adult Inpatient Psychiatric Beds: Projected Utilization**

	PY1 (CY2022)	PY2 (CY2023)	PY3 (CY2024)
# of Adult Inpatient Psychiatric Beds	22	22	22
Days of Care	6,084	6,135	6,188
Occupancy*	75.8%	76.4%	77.1%

\*Calculated: # of patient days of care/ 365 days / # of beds = occupancy rate.

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Overall, for both its adult and child/adolescent inpatient psychiatric beds the applicant provided historical days of care, average length of stay, admissions and percent of occupancy.

*Adult Inpatient Psychiatric Beds*

**Adult Inpatient Psychiatric Beds**

	Historical (CY2018)	Last FFY (CY2019)	Interim* (CY2020)	Interim (CY2021)	PY1 (CY2022)	PY2 (CY2023)	PY3 (CY2024)
# of Beds	12	12	12	12	22	22	22
Admissions	611	603	571	575	580	585	590
% growth rate	na	<1.33%>	<5.60%>	0.85	0.85	0.85	0.85
ALOS	11.12	10.34	9.99	10.48	10.48	10.48	10.48
Days of Care	6,793	6,238	5,698	6,032	6,084	6,135	6,188
Occupancy**	155.1%	142.4%	130.1%	137.7%	75.8%	76.4%	77.1%

\*Per clarification the data for December 2020 was annualized based on the first eleven months of CY2020 data.

\*\*Calculated: # of patient days of care/ 365 days / # of beds = occupancy rate.

Totals might not foot due to rounding.

- The applicant states that the decrease in adult inpatient psychiatric (18+) days of care was due to 2 factors:
  - The Covid-19 pandemic which decreased both the number of admissions and the length of stay during CY2020; and
  - The limited inventory of 12 adult inpatient psychiatric beds.
- ALOS is based on the 3-yr average of CY2018-CY2020.
- Utilizing the historical admissions data from CY2020 as the starting point the applicant “grew” admissions at 0.85% based on the LME service area projected population growth during the first three project years.

*Child/Adolescent Inpatient Psychiatric Beds*

**Child/Adolescent Inpatient Psychiatric Beds**

	Historical (CY2018)	Last FFY (CY2019)	Interim* (CY2020)	Interim (CY2021)	PY1 (CY2022)	PY2 (CY2023)	PY3 (CY2024)
# of Beds	60	60	60	60	60	60	60
Admissions	1,299	1,513	1,325	1,339	1,352	1,366	1,380
% growth rate	na	16.47	-14.18	1.01	1.01	1.01	1.01
ALOS	13.78	12.53	14.09	13.47	13.47	13.47	13.47
Days of Care	17,897	18,962	18,680	18,032	18,214	18,399	18,585
Occupancy**	81.7%	86.6%	85.3%	82.3%	83.2%	84.0%	84.9%

\*Per clarification the data for December 2020 was annualized based on the first eleven months of CY2020 data.

\*\*Calculated: # of patient days of care/ 365 days / # of beds = occupancy rate.

- Utilizing the historical admissions data from CY2020 as the starting point the applicant “grew” admissions at 1.01% based on a compound annual growth rate (CAGR) which the applicant states equates to the most recent two-year CAGR for child/adolescent admissions at Brynn Marr Hospital.
- ALOS is based on the 3-yr average of CY2018-CY2020.

Projected utilization is reasonable and adequately supported based on the following reasons:



- The projected utilization is based on the historical utilization of the applicant’s existing inpatient psychiatric beds.
- The facility’s current occupancy rate and the projected growth in population supports the projected utilization.

### **Access to Medically Underserved Groups**

In Section C.6, page 58, the applicant states “*Consistent with its current business practice, BMH will continue to provide all services (as clinically appropriate, per physician order) to all patients regardless of race, color, religion, gender, ethnic or national origin, age disabilities, or any other factor that would classify a patient as underserved.*” The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	13.6%
Racial and ethnic minorities	37.9%
Women	59.4%
Persons with Disabilities	9.4%
Persons 65 and older	1.0%
Medicare beneficiaries	6.5%
Medicaid recipients	50.2%

Source: Table on page 58 of the application.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following reasons:

- The percentages for the low-income persons and persons with disabilities groups are based on the most recently available U.S. Census Bureau demographics for North Carolina, sourced January 2021.
- The percentages for the racial and ethnic minorities, women, persons 65 and older, Medicare beneficiaries and Medicaid recipients’ groups are based on the historical access by these medically underserved groups at BMH during CY2019.

### **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 all the reasons described above.

- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce or eliminate a service, nor does it propose 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 applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

In Section E, pages 67-68, the applicant describes the alternatives it considered and explains 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:

- Maintain the status quo- The applicant states that adult inpatient psychiatric bed utilization at Brynn Marr Hospital exceeds 100% occupancy and that additional inpatient psychiatric bed capacity for adults is “desperately needed” to accommodate high and continuing demand. Therefore, the applicant determined that maintaining the status quo is not the least costly or most effective alternative.
- Develop the proposed adult inpatient psychiatric beds at a different location- The applicant states that 10 beds are not enough total to develop a cost-effective or efficient inpatient psychiatric facility. Further, this alternative would incur all the additional costs associated with developing a new location and failure to take advantage of existing space and ancillary and support systems. Therefore, the applicant determined that maintaining the status quo is not the least costly or most effective alternative.
- Convert BMH child/adolescent inpatient psychiatric beds to adult inpatient psychiatric beds- The applicant states that this is not a viable alternative to address capacity constraints for adult inpatients as the average occupancy of the child/adolescent inpatient psychiatric beds was 87.9% during the most recent six months. Therefore, the applicant determined that maintaining the status quo is not the least costly or most effective alternative.
- Utilize other inpatient psychiatric beds in the Trillium Health Resources LME service area- The applicant states that the 263 adult inpatient psychiatric beds in the service

area represent only 13.2% of the total inventory in North Carolina, there are no other providers of inpatient psychiatric services in Onslow County and BMH has unique adult programming that is not available at other inpatient facilities. Therefore, the applicant determined that maintaining the status quo is not the least costly or most effective alternative.

On page 68, the applicant states that its proposal is the most effective alternative because it addresses the capacity constraints for adult psychiatric inpatients at the facility, leverages existing ancillary and support services, infrastructure and economies of scale to make the project more cost effective. The proposed project meets both the need the population has for the proposed services and the internal needs of Brynn Marr Hospital.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following reasons:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

### **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. Brynn Marr Hospital, Inc. and Universal Health Services, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall relocate no more than 10 inpatient psychiatric beds from Broughton Hospital pursuant to Policy PSY-1 for a total of no more than 82 inpatient psychiatric beds (60 child/adolescent inpatient psychiatric beds and 22 adult inpatient psychiatric beds) upon project completion.**
- 3. Upon completion of the project, Brynn Marr Hospital shall be licensed for no more than 82 inpatient psychiatric beds (60 child/adolescent inpatient psychiatric beds and 22 adult inpatient psychiatric beds).**

- 4. The certificate holder shall accept patients requiring involuntary admission for inpatient psychiatric services at Brynn Marr Hospital.**
  - 5. Progress Reports:**
    - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
    - b. The certificate holder shall complete all sections of the Progress Report form.**
    - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
    - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on August 1, 2021. The second progress report shall be due on November 1, 2021 and so forth.**
  - 6. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
  - 7. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
    - a. Payor mix for the services authorized in this certificate of need.**
    - b. Utilization of the services authorized in this certificate of need.**
    - c. Revenues and operating costs for the services authorized in this certificate of need.**
    - d. Average gross revenue per unit of service.**
    - e. Average net revenue per unit of service.**
    - f. Average operating cost per unit of service.**
  - 8. The certificate holder 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.

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

Site Costs	\$0
Construction Costs	\$4,342,503
Miscellaneous Costs	\$651,924
<b>Total</b>	<b>\$4,994,427</b>

In Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following reasons:

- The projected capital cost is supported by an architect’s professional assessment. See letter dated January 6, 2021 in Exhibit F.1.
- BMH, Inc.’s and UHS’s experience with similar projects.

In Section F.3, page 72, the applicant states that as Brynn Marr Hospital is an existing facility there are no working capital costs associated with the proposed project.

**Availability of Funds**

In Section F.2, page 70, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Brynn Marr Hospital	Total
Loans	\$0	\$0
Cash and Cash Equivalents, Accumulated reserves or OE *	\$4,994,427	\$4,994,427
Bonds	\$0	\$00
Other (Specify)	\$0	\$
<b>Total Financing</b>	<b>\$4,994,427</b>	<b>\$4,994,427</b>

\* OE = Owner’s Equity

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following reasons:

- Exhibit F.2 contains a letter from the Senior Vice President and Treasurer of Universal Health Services, Inc. (UHS) which states that UHS is the ultimate parent of company of Brynn Marr Hospitals, Inc., that the project will be funded UHS’s Revolving Credit Agreement, that the Senior Vice President and Treasurer of UHS

has the legal authority to commit funds to its owned entities and that he has the authority to commit funds for this CON project if it is approved.

- Exhibit F.2 also contains a letter from the Executive Director of JPMorgan Chase Bank, N.A. through which UHS as its Revolving Credit Agreement. The letter states that the UHS Revolving Credit Agreement is in the amount of \$998 million and that there is enough borrowing capacity available through the Revolving Credit Agreement to fund the project.

### **Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year (CY2022)</b>	<b>2<sup>nd</sup> Full Fiscal Year (CY2023)</b>	<b>3<sup>rd</sup> Full Fiscal Year (CY2024)</b>
Total Patient Days	24,298	24,534	24,773
Total Gross Revenues (Charges)	\$55,187,224	\$56,566,905	\$57,981,078
Total Net Revenue	\$26,871,381	\$27,543,165	\$28,231,745
Average Net Revenue per Patient Days	\$1,106	\$1,123	\$1,140
Total Operating Expenses (Costs)	\$17,664,803	\$18,143,407	\$18,635,201
Average Operating Expense per Patient Days	\$727	\$740	\$752
Net Income	\$9,206,577	\$9,399,758	\$9,596,544

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported because projected utilization is based on the following reasons:

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.
- Brynn Marr Hospital's historical financial experience.

### **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 applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
  - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area. - The area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” Page 284 of the 2021 SMFP defines the service area for psychiatric inpatient beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities and substance use disorder services in which the bed is located.*” Per Table 14B, page 288, the LME-MCO for this project is Trillium which includes Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans Pitt, Tyrell, and Washington counties. The applicant proposes to relocate beds to one of the counties in the Trillium LME-MCO service area. Facilities may also serve residents of counties not included in their service area.

According to the inventory of adult psychiatric beds in Table 14A of the 2021 SMFP (page 287), in the applicant’s LME-MCO, Trillium, there are eight hospitals with a total of 263 existing licensed adult psychiatric beds, as illustrated below:

TRILLIUM LME-MCO ADULT PSYCHIATRIC INPATIENT BEDS				
Name of Facility	County	Licensed Beds	License Pending	Total Adult Inventory
Vidant Beaufort Hospital	Beaufort	22	0	22
Carolina Dunes Behavioral Health*	Brunswick	20	0	20
Carolina East Medical Center	Craven	23	0	23
Vidant Roanoke-Chowan Hospital	Hertford	28	0	28
Nash General Hospital	Nash	44	0	44
New Hanover Regional Medical Center	New Hanover	62	0	62
Brynn Marr Behavioral Health System	Onslow	12	0	12
Vidant Medical Center	Pitt	52	0	52
<b>Totals</b>		<b>263</b>	<b>0</b>	<b>263</b>

Source: 2021 SMFP, Table 14A, page 287.

\*Previously Strategic Behavioral Center-Leland

In Section G, page 79, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved adult inpatient psychiatric beds in the service area. The applicant states:

*“In BMH’s LME-MCO, Trillium Health Resources, there are a total of only 263 existing licensed or license pending adult inpatient psychiatric beds. Of the 1,987 adult inpatient psychiatric beds in North Carolina, excluding beds in State Hospitals, only 263 or 13.2% (263/1987) are located in the BMH service area. BMH does not propose to develop new adult inpatient psychiatric beds, but rather relocate 10 adult inpatient psychiatric beds from Broughton Hospital...”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following reasons:

- The proposal would not result in an increase in the overall number of adult inpatient psychiatric beds in the State as the applicant is proposing to relocate 10 existing adult inpatient psychiatric beds from Broughton Hospital, a State Hospital, to Brynn Marr Hospital.
- The applicant adequately demonstrates that the proposed adult inpatient psychiatric beds are needed at Brynn Marr Hospital in addition to the existing or approved adult inpatient psychiatric beds in the service area.

### **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 all the reasons described 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

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

In Form H, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE Staff	Projected FTE Staff
	(1/1/2021)	2nd Full Fiscal Year (CY2023)
Registered Nurses	30.0	35.0
Certified Nurse Aides/Nursing Assistants	34.6	35.6
Director of Nursing	1.0	1.0
Assistant Director of Nursing	1.0	1.0
Counselors/Certified Counselors	30.0	35.0
Dieticians	1.0	1.0
Cooks	4.0	4.5
Dietary Aides	7.2	7.7
Social Workers	5.0	6.0
Medical Records	2.5	2.7
Laundry & Linen	3.3	3.3
Housekeeping	3.0	3.3
Information Technology	1.0	1.0
Maintenance/Engineering	4.0	4.5
Administrator/CEO	1.0	1.0
Chief Operating Officer	1.0	1.0
Chief Financial Officer	1.0	1.0
Business Office	5.0	5.2
Clerical	3.4	3.4
Other (Utilization Review)	3.0	3.2
Other (Admissions/Intake)	7.5	8.0
Other (Human Resources)	2.0	2.0
Other (RM/PI/QA)	1.6	1.6
Other (Business Development)	3.0	3.0
Other (Active Therapy)	2.0	2.0
<b>TOTAL</b>	<b>158.1</b>	<b>173.0</b>

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by

the applicant are budgeted in Form F.3b. In Section H, pages 81-83, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- BMH is an existing major employer in Onslow County; and
- BMH has historically been able to recruit and retain clinical and non-clinical personnel for its behavioral health 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 all the reasons described 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.

### C

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

### **Ancillary and Support Services**

In Section I, page 85, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 85-86, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit B.15.b. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because the applicant states the existing providers will continue to provide the necessary ancillary and support services.

### **Coordination**

BMH is an existing facility. In Section I, page 86, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits I.2.1 and I.2.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because the applicant provides documentation that it has existing relationships with other local health care and social service providers.

### **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 all the reasons described above.

- (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 applicant does 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 applicant does 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

- (11) The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.  
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 applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

In Section K.1, page 89, the applicant states that the project involves constructing 7,216 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 89-90, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- Capital cost assumptions based on the experience, expertise and knowledge of the contractor, BMH, UHS and the architect.
- UHS's extensive experience in developing behavioral health facilities.
- Cost effective design and means of construction was incorporated into the project design.
- The design and construction costs of the addition were based on a detailed architect review including reviewing published construction cost data.

On page 90, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- Ancillary and support spaces already exist at the BMH facility.
- Adult patients living in Onslow County and surrounding communities will have improved access and convenience to the proposed services.
- The project projects a modest capital cost and is financially feasible.
- Charges to the public will not increase as a result of the project as the charges are already negotiated with payor or set by the government.

On page 90, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

## **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 all the reasons described above.

- (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 ... persons [with disabilities], 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 L, page 94, the applicant provides the historical payor mix during CY2019 for the facility, as shown in the table below.

<b>Payor Category</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	0.6%
Charity Care	0.2%
Medicare	6.5%
Medicaid	50.2%
Insurance	29.9%
TRICARE	12.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 94 of the application.

In Section L, page 95, the applicant provides the following comparison.

	<b>Percentage of Total Patients Served by the Facility or Campus during the Last Full FY</b>	<b>Percentage of the Population of the Service Area</b>
Female	59.4%	45.1%
Male	40.6%	54.9%
Unknown	0.0%	0.0%
64 and Younger	99.0%	90.4%
65 and Older	1.0%	9.6%
American Indian	0.2%	0.9%
Asian	1.0%	2.2%
Black or African-American	26.5%	15.8%
Native Hawaiian or Pacific Islander	0.0%	0.3%
White or Caucasian	62.1%	67.9%
Other Race	10.2%	12.9%
Declined / Unavailable	0.0%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents 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. 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 ... persons [with disabilities] 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.2b, page 96, the applicant states that that the facility is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L, page 96, the applicant states that during the last 18 months immediately preceding the application deadline no patient civil rights access complaints have been filed against BMH.

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 Section L, page 97, the applicant projects the following payor mix for the facility during the third full fiscal year of operation following completion of the project, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	0.6%
Charity Care	0.2%
Medicare	6.5%
Medicaid	50.2%
Insurance	29.9%
TRICARE	12.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 94 of the application.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.6% of total services will be provided to self-pay patients, 0.2% to charity care patients, 6.5% to Medicare patients and 50.2% to Medicaid patients.

On page 97, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following reasons:

- Projected BMH payor mix is based on historical payor mix for BMH adult and child/adolescent inpatients for CY2019.
- BMH does not project that this proposed project will change existing physician and LME referral relationships.
- Existing LMEs and referring physicians will continue to be the source of referrals to BMH.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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, page 99, the applicant adequately describes 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.1, page 100, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes because the existing facility has existing relationships with health professional training programs, provides opportunities for training area allied health students and states the BMH will continue to be available for the clinical needs of health professional training programs in the area.

### **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 all the reasons described above.



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

C

The applicant proposes to relocate 10 adult inpatient psychiatric beds from Broughton Hospital to Brynn Marr Hospital, pursuant to Policy PSY-1, for a total of no more than 82 inpatient psychiatric beds at Brynn Marr Hospital (22 adult inpatient psychiatric beds and 60 child/adolescent inpatient psychiatric beds) upon project completion.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area. - The area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” Page 284 of the 2021 SMFP defines the service area for psychiatric inpatient beds as “*the catchment area for the LME-MCO for mental health, developmental disabilities and substance use disorder services in which the bed is located.*” Per Table 14B, page 288, the LME-MCO for this project is Trillium which includes Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans Pitt, Tyrell, and Washington counties. The applicant proposes to relocate beds to one of the counties in the Trillium LME-MCO service area. Facilities may also serve residents of counties not included in their service area.

According to the inventory of adult psychiatric beds in Table 14A of the 2021 SMFP (page 287), in the applicant’s LME-MCO, Trillium, there are eight hospitals with a total of 263 existing licensed adult psychiatric beds, as illustrated below:

TRILLIUM LME-MCO ADULT PSYCHIATRIC INPATIENT BEDS				
Name of Facility	County	Licensed Beds	License Pending	Total Adult Inventory
Vidant Beaufort Hospital	Beaufort	22	0	22
Carolina Dunes Behavioral Health*	Brunswick	20	0	20
Carolina East Medical Center	Craven	23	0	23
Vidant Roanoke-Chowan Hospital	Hertford	28	0	28
Nash General Hospital	Nash	44	0	44
New Hanover Regional Medical Center	New Hanover	62	0	62
Brynn Marr Behavioral Health System	Onslow	12	0	12
Vidant Medical Center	Pitt	52	0	52
<b>Totals</b>		<b>263</b>	<b>0</b>	<b>263</b>

Source: 2021 SMFP, Table 14A, page 287.

\*Previously Strategic Behavioral Center-Leland

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 102, the applicant states:

*“With the development of the additional adult beds, BMH will continue to have a positive effect on competition in the coastal North Carolina service area. The proposed additional adult beds will increase the capacity of cost effective, high quality inpatient services that will be even more accessible by local residents ... BMH assumes no adverse effect on current providers of behavioral health services in the service area, as BMH has been offering inpatient services for nearly 40 years, and other facilities in the Trillium Health LME service area have well-utilized adult inpatient psychiatric beds... .”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 102, the applicant states:

*“BMH’s plan to add adult inpatient psychiatric beds is cost effective. Freestanding psychiatric hospitals operate on a lower cost per patient day than acute care hospital psychiatric units or state-run facilities. BMH will lessen its adult bed capacity constraints and reduce the potential for adult patient wait times. Additional local access to adult inpatient psychiatric beds will also decrease the strain on local emergency departments. ... The project leverages the existing BMH infrastructure, as patient ancillary and support spaces such as the administrative, plant operations, an kitchen and food preparation areas already exist in the BMH facility.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 103, the applicant states:

*“The Joint Commission (TJC) accreditation is recognized as a high standard for medical care, and BMH received reaccreditation for its psychiatric hospital facility in September 2020, valid until September 2023. ... BMH will continue to maintain the highest standards*

*and quality of care, consistent with the standards that it has sustained throughout its decades of providing patient care in Onslow County.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 103, the applicant states:

*“BMH will continue to accommodate 24/7/365 admissions of both voluntary and involuntary patients. Consistent with its current business practice, all services offered by BMH are available to all persons who present themselves for services, regardless of their ability to pay. BMH will continue to provide services without regard to race, color, religion, gender, age, national origin, disability, or ability to pay.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

### **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 based on all the reasons described 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 O, the applicant identifies the inpatient psychiatric facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of three of this type of facility located in North Carolina.

In Section O, page 108, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in none of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in none of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all three facilities, the applicant 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.

G.S. 131E-183 (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 to all applicable Criteria and Standards for Psychiatric Beds promulgated in 10A NCAC 14C .2600. The specific criteria are discussed below.

**10A NCAC 14C .2603 PERFORMANCE STANDARDS**

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

-C- In Section C.7, page 60, the applicant provides historical utilization for the last six months immediately preceding submittal of the application, June 1, 2020 through November 30, 2020. BMH had a six-month average occupancy rate of 94.5% which exceeds the 75% average occupancy required by this Rule.

(b) *An applicant proposing to establish new psychiatric beds shall not be approved unless occupancy is projected to be 75% for the total number of licensed psychiatric beds*

*proposed to be operated in the facility no later than the fourth quarter of the second operating year following completion of the project.*

-NA- The applicant is not proposing to establish new psychiatric beds.