

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 26, 2021

Findings Date: March 26, 2021

Project Analyst: Kim Meymandi

Team Leader: Lisa Pittman

Project ID #: L-12005-20

Facility: Wilson Surgery Center

FID #: 200900

County: Wilson

Applicant(s): DLP Wilson Medical Center, LLC

Project: Relocate 4 ORs from an existing ASF, Wilson Medical Center to develop a new ASF

### 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.

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DLP Wilson Medical Center, LLC (hereinafter referred to as “the applicant”) proposes to relocate four operating rooms (ORs) from an existing ambulatory surgical facility (ASF), Wilson Medical Center (formerly Eastern Regional Surgery Center, AS0005), to develop a new freestanding ASF in Wilson County.

#### **Need Determination**

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2020 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

#### **Policies**

There is one policy in the 2020 SMFP applicable to the review.

*Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*, on page 31 of the 2020 SMFP, states:

*“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, 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 of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

The proposed capital expenditure for this project is greater than \$5 million. In Section B.4, pages 15-16, the applicant explains why it believes the application is consistent with Policy GEN-4, stating:

*“The applicant is committed to energy efficiency and sustainability and to building the proposed ambulatory surgery facility using modern energy and water conservation practices and methods.*

...

*Construction of the building will involve energy conserving mechanical equipment and construction methods that comply with the latest editions of the North Carolina State Building Code, the North Carolina Commercial Energy Code, as well as the latest edition of ASHRAE 90.1*

...

*Building design will incorporate water-conservation features; the plumbing system include water saving faucets and water closets, such as low-flow faucets in public use*

*areas, reduced use of potable water for irrigation, maintenance plans to reduce drips, and steam traps where appropriate.*

In Exhibit B.4. the applicant provides a written statement from the architect, describing the project's plan to assure improved energy efficiency and water conservation. 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 based on the following:

- The applicant does not propose to develop any beds, services or equipment for which there is a need determination in the 2020 SMFP.
- The applicant does not propose to add any new ORs to the inventory of ORs in Wilson County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 based on the following reason:
  - The applicant's response to the application demonstrates that the project includes a plan for 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.

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The applicant proposes to relocate four ORs from an existing ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

### **Patient Origin**

On page 51, the 2020 SMFP defines the service area for ORs as “...*the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.*” Figure 6.1 on page 57 of the 2020 SMFP shows Wilson County as a

single county OR service area. Thus, the service area for this application is Wilson County. Facilities may also serve residents of counties not included in the service area.

In April 2019, the applicant acquired Eastern Regional Surgical Center, ASF license AS0005. Shortly after the acquisition, the lease for the facility expired and operations were suspended until the applicant could obtain a CON to relocate operating rooms. The applicant states that due to the suspension of operations there is no FY 2019 data to report; however, in Exhibit C.3, the applicant provides patient origin data for ERM in FY 2016, stating that historical patient origin data from FY 2016 ERM, is the most recent year of data before the facility began to slow down and ultimately close. The applicant also provides patient origin data from FY 2018 for informational purposes. The data submitted on the 2019 LRA is not credible because it includes 676 patients from Buncombe County, which is located approximately 300 miles away from the facility. The information provided by the applicant and from ERM LRA is summarized in the table below:

**ERM Patient Origin Data**

COUNTY	2016 FISCAL YEAR (FY)		2018 FISCAL YEAR (FY)	
	2017 LRA DATA 10/1/2015 TO 9/30/2016		2019 LRA DATA 10/01/2017 TO 9/30/2018	
			PATIENTS	% OF TOTAL
Buncombe	0	0.0%	676	39.1%
Edgecombe	56	4.1%	326	18.9%
Johnston	84	6.1%	144	8.3%
Nash	204	14.9%	69	4.0%
Wake	23	1.6%	21	1.2%
Wayne	47	3.4%	133	7.7%
Wilson	863	62.8%	359	20.8%
Pitt	19	1.3%	0	0.0%
Other	78	5.7%	0	0.0%
<b>Total</b>	<b>1374</b>	<b>100.0%</b>	<b>1,728</b>	<b>100.0%</b>

Source: 2017 (corrected) and 2019 ERM LRA and CON application, page 24

The applicant provides the projected patient origin for the first three fiscal years at Wilson Surgery Center on page 25, as shown below.

**Wilson Surgery Center Projected Patient Origin**

<i>County</i>	<b>1<sup>st</sup> Full FY (CY 2024)</b>		<b>2<sup>nd</sup> Full FY (CY 2025)</b>		<b>3<sup>rd</sup> Full FY (CY 2026)</b>	
	<i># of Patients</i>	<i>% of Total</i>	<i># of Patients</i>	<i>% of Total</i>	<i># of Patients</i>	<i>% of Total</i>
Wilson	1,701	62%	2,050	62%	2,403	62%
Nash	537	20%	647	20%	758	20%
Johnston	150	5%	181	5%	212	5%
Wayne	115	4%	138	4%	162	4%
Edgecombe	87	3%	105	3%	123	3%
Pitt	29	1%	35	1%	41	1%
Other*	120	4%	145	4%	170	4%
<b>Total</b>	<b>2,739</b>	<b>100%</b>	<b>3,302</b>	<b>100%</b>	<b>3,869</b>	<b>100%</b>

\*Includes other NC counties and other states

In Section C, pages 26-27 and Exhibit C.3, the applicant provides the assumptions and methodology used to project patient origin. The applicant assumes patient origin for the proposed ASF will be similar to the patient origin at ERMC in FY 2016. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant currently operates hospital based ORs and has experience providing outpatient surgery services in the service area.
- The applicant bases projected patient origin on the historical patient origin of the facility being replaced.

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On pages 28-36, the applicant states that the specific need for the project is based on the following factors:

- Need for increased access to freestanding ambulatory surgical centers (ASCs) in Wilson, Nash, and Wayne Counties (pages 31-32) - The applicant states that, currently there are only two multispecialty freestanding ASFs in the identified six counties of patient origin, one of which is this proposed ASF and the other is in Pitt County. The applicant states that all other outpatient surgery locations are in hospitals. Additionally, the applicant states that outmigration of ambulatory surgical cases in Wilson and Nash Counties increased by 20 and 13 percent, respectively between FY2018 and FY2019.
- National trends and cost effectiveness of freestanding ASCs (pages 28-30) – The applicant states that in 2018, 64.1 percent of surgical cases performed in North Carolina were ambulatory and the proportion of surgical cases in all North Carolina ASFs has increased by an annual rate of 1.6 percent over the past five years. The applicant states that surgeries performed at ASFs cost only 60 percent of what they would cost in a hospital outpatient setting.

- Service area population growth (pages 32-33) – The applicant states that the age groups most likely to use the services at ASFs are those under the age of 12, ages 45-64 and over the age of 65 and represent more than 60 percent of the service area residents for the proposed facility. The applicant also provides information from NCOSBM showing that in the next four years the 65 and over age group in Nash and Wilson Counties is predicted to grow at a rate of 2.5 percent.
- Health status of residents in the primary patient origin counties (pages 34-35) – The applicant provides data showing the community health status and risk factors for Wilson and Nash Counties, which make up 82 percent of the patient origin for the proposed facility, put these residents at risk for conditions necessitating the use of services of the proposed facility.
- Shortage of surgeons in the area (page 36) – The applicant states that there is a national shortage of surgeons and in order to attract surgeons, the proposed facility will offer good surgery block times.
- Support and interest of local physicians (page 36 and Exhibit I.2, page 110) - The applicant provides letters from local surgeons and community leaders showing their support for the proposed facility and the expected number of cases they plan to schedule at the proposed facility.

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

- The applicant provides reasonable information to support residents in the primary service area's need for access to high quality, freestanding ASF services; and cites reasonable data demonstrating the cost-effectiveness of the proposal.
- The applicant uses clearly cited and reasonable historical and demographic data to make the assumptions with regard to the Wilson and Nash County populations to be served, their aging, health status and the need for the proposed services.
- The applicant provides reasonable information that there is a lack of freestanding ASFs in the service area and documents local physician intentions of utilizing the proposed facility.

### *Projected Utilization*

In Section Q, Form C the applicants project utilization for the two ORs and the procedure rooms as illustrated in the following table:

OPERATING ROOMS	INTERIM FULL FY 6/1/2023 TO 12/31/2023	1 <sup>ST</sup> FULL FY FY 2024	2 <sup>ND</sup> FULL FY FY 2025	3 <sup>RD</sup> FULL FY FY 2026
Dedicated Ambulatory ORs	4	4	4	4
Outpatient Surgical Cases	1,091	2,739	3,302	3,869
Outpatient Surgical Case Time	60	60	60	60
Outpatient Surgical Hours	1,091	2,739	3,302	3,869
Group Assignment	6	6	6	6
Standard Hours per OR per Year	1,312	1,312	1,312	1,312
Total Surgical Hours/Standard Hours Per OR per Year	0.83	2.09	2.52	2.95

Source: Section Q, Form C.

In Section Q the applicants provide the assumptions and methodology used to project utilization, as summarized below:

*Surgical Cases*

Step 1: The applicants identify the WSC target service area by reviewing patient origin from 2016 through 2020 DHSR LRAs for Wilson Medical Center and ERMC and establishing a 25-mile drive radius from the proposed site. The population of the defined target area was determined for 2021 and 2026 using demographic software from Environics Analytics (Claritas). The applicant then calculated a CAGR of 0.45% and used it for calculating population data for years 2022-2025.

Step 2: The applicants uses data from the 2017 through 2019 NC DHSR Hospital and ASF Access Databases along with census information from NCOSMB to develop a statewide three-year average ambulatory surgical case rate of 64.6 per 1,000 people. The applicant assumes statewide in-migration is offset by out-migration. The applicant states that the national use rate pattern and to be conservative in projections holds the three-year rate constant.

Step 3: In order to project the appropriate in-migration assumption for utilization at the proposed facility, the applicant looked at data from the 2019 NC DHSR Hospital and ASF Access databases and determined that in FY 2019, 29 percent of all patients receiving ambulatory surgery at Wilson County facilities came from outside the County and in 2016, 18 percent of ERSC patients came from outside of Wilson and Nash Counties. Due to the target area overlapping other adjacent counties, the applicant conservatively estimates that only five percent of all patients, will come from outside of the target area.

The calculated population data from Step 1 along with the applicant’s Step 2 calculated projected need for surgery cases and the Step 3 calculated total surgical cases after in-migration is shown in the table below.

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
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Projected Population of Target Area	264,954	266,136	267,323	268,516	269,714	270,917
Projected Statewide Ambulatory Surgical Cases per 1,000	64.6	64.6	64.6	64.6	64.6	64.6
Projected Ambulatory Surgical Cases	17,117	17,194	17,270	17,347	17,425	17,502
Total Surgical Cases after In-Migration	18,018	18,099	18,179	18,260	18,342	18,424

The applicant assumes the calculated three-year average statewide use rate is reasonable and conservative because the target area population is aging and growing faster than the state.

Step 4: The applicant states that a study performed by L.E.K. Consulting shows that by 2020, sixty percent of all ambulatory surgery cases performed nationally will occur in an ASF and uses this statistic to project need in the service area.

Step 5: The applicant multiplies the cases from Step 3 by the percent of cases identified in Step 4 for each setting and provides the projected number of cases appropriate for freestanding ASFs and hospital outpatient departments (HOPDs) in years 2021 through 2026 as shown in the table below.

	2021	2022	2023	2024	2025	2026
Total Surgical Cases	18,018	18,099	18,179	18,260	18,342	18,424
Percent Appropriate for ASF	60%	60%	60%	60%	60%	60%
Surgical Cases for ASF	10,811	10,859	10,908	10,956	11,005	11,054
Percent Appropriate for HOPD	40%	40%	40%	40%	40%	40%
Surgical Cases for HOPD	7,207	7,239	7,272	7,304	7,337	7,369

Step 6: The applicant estimates the need for freestanding ASF ORs in the identified target area by multiplying the case numbers from Step 5 by the case time of 1.19 hours from page 55 of the 2020 SMFP. The applicant then divides the total surgical hours by the 2020 SMFP standard methodology Group 6 Facility hours per OR to arrive at the OR need in the target area. The applicant then subtracts the number of existing freestanding ASFs in the target area from the OR need in the target area to estimate the OR surplus/deficit for the area. The applicant states that by 2021, their methodology calculates a deficit of nine freestanding ASF ORs and when including the ORs from this proposed project, the area has a deficit of four freestanding ORs. The applicant assumes no change in existing freestanding ASF ORs in future years. The applicant's calculations for projected need of freestanding ASFs in the target area for 2021-2026 are shown in the table below.

	2021	2022	2023	2024	2025	2026
Surgical Cases for Freestanding ASFs	10,811	10,859	10,908	10,956	11,005	11,054

Average Case Time (hours)	1.19	1.19	1.19	1.19	1.19	1.19
Total Surgical Hours Used	12,865	12,922	12,980	13,038	13,096	13,154
Hours per OR Required at a Group 6 Facility	1,312	1,312	1,312	1,312	1,312	1,312
ORs Needed in Target Area	9.81	9.81	9.81	9.81	9.81	9.81
Existing Freestanding ASF ORs	1	1	1	1	1	1
Projected Deficit (rounded)	9	9	9	9	9	9

Step 7: The applicant conservatively estimates the number of ambulatory surgical cases which will be performed at WSC. The applicant states they estimate a market share of ten percent in the interim year (2023), 25 percent in the first full project year (2024), 30 percent in the second full project year (2025), and 35 percent in the third full project year (2026) with the projected numbers of surgical cases at WSC shown in the table below.

	2023	2024	2025	2026
Surgical Cases	10,908	10,956	11,005	11,054
Estimated Market Share	10%	25%	30%	35%
Projected Surgical Cases at WSC	1,091	2,739	3,302	3,869

Step 8: The applicant estimates that less 50 percent of the projected cases at WSC will be ophthalmology, otolaryngology, or a combination of the two specialties. This estimate is based on applicant leadership and staff predictions, physician recruitment and forecast resident utilization. These projections move the ASF from a Category 5 facility to a Category 6 facility as defined by the 2020 SMFP and therefore requires 1,312 surgical hours per OR.

Step 9: The applicant justifies the need for four ORs at the relocated WSC by multiplying the total surgical cases from Step 7 by 1.19, the OR case time from page 55 of the 2020 SMFP. The applicant then divides the total surgical hours by the 2020 SMFP standard methodology Group 6 Facility hours per OR to generate OR need. The number is then rounded to calculate the total number of ORs needed. The numbers from the applicant’s calculations are shown in the following table.

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Ambulatory Surgical Cases	1,091	2,739	3,302	3,869
Average Case Time (hours)	1.19	1.19	1.19	1.19
Total Surgical Hours Used	1,298	3,259	3,929	4,604
Hours Required per OR (group 6)	1,312	1,312	1,312	1,312
Number of ORs Justified at WSC	0.99 (1)	2.48 (2)	2.99 (3)	3.51 (4)

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

- Projected surgical case growth is supported by projected population growth and adequately supported assumptions of statewide ambulatory facility usage.
- The applicant provides letters of support from local surgeons showing their intention to schedule surgery cases at the proposed facility

**Access to Medically Underserved Groups**

In Section C, page 45, the applicant states:

*“Wilson Surgery Center will accept patients regardless of gender, gender preference, race, ethnicity, age, income or disability status. Wilson Surgery Center will be certified by Medicare and Medicaid and provides services to both populations.”*

In Section L, page 90, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table:

Payor Source	Entire Facility and ORs
Self-Pay	0.6%
Charity Care*	0.0%
Medicare**	38.2%
Medicaid**	2.6%
Insurance**	47.4%
Workers Compensation	11.2%
Other***	0.0%
Total	100.0%

\*Charity Care is not considered a payor class; it is a deduction from revenue.

\*\*Including any managed care plans

\*\*\*Includes TRICARE, VA, and other Federal Programs

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:

- The applicant provides its projected payor mix, which includes underserved groups, and assumes it will remain constant for the first three years of operation.
- The applicant provides written statements about offering access to all residents of the service area, including underserved groups.

## **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 identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in the application.
- Projected utilization is reasonable and adequately supported.

- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services and adequately support their 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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

The applicant does not propose to reduce or eliminate any ORs; rather, the applicant proposes to develop a new freestanding ASF in Wilson County, which is a relocation of ORs licensed under AS0005. The ORs which were previously operational under license AS0005 were located at 1709 Medical Park Drive, Wilson, in Wilson County. The proposed site of the new ASF, 3310 Heritage Drive, Wilson, in Wilson County, is approximately two miles from the previous location, according to Google Maps. Thus, the facility will still be accessible to the same population in its new location.

In Section D, page 51, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 51, the applicant states:

*“No patients are currently using the operating rooms licensed under AS0005. Communities formerly served by Eastern Regional Surgical Center will regain access to its four operating rooms. With the relocation, patients for whom a freestanding center is an appropriate option will regain access to the lower charge structure of a freestanding setting in Wilson County.”*

On page 57, the applicant states:

*“Wilson Surgery Center does not discriminate on the basis of race, ethnicity, sex, gender, or any other demographic.”*

The applicant states WSC will be Medicare and Medicaid certified and will provide services to both populations.

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use ASFs will be adequately met following completion of the project for the following reasons:

- The facility will be accessible to the same population at the proposed new location.
- The applicant plans to serve underserved groups without discrimination.

## **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 needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
  - The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

### C

The applicant proposes to relocate four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

In Section E, the applicant states there are no alternative methods of meeting the needs for the proposed project. However, on page 60 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:

- Location – The applicant states they evaluated three sites and the site chosen offers the best road access and proximity to DLP Wilson Medical Center which will facilitate sharing of staff and management.
- Number of Operating Rooms – The applicant states they considered relocating more ORs from DLP Wilson Medical Center but determined that relocating four ORs is more cost-effective. The applicant states that the design and floor plan of the proposed ASF will allow for more efficient use of physician time and provides adequate space for storage of unused equipment.
- Move GI Rooms – The applicant states they considered relocating two GI rooms from DLP Wilson Medical Center but determined this would add unnecessary cost and the proposed generic operating rooms can handle GI endoscopy procedures.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides 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
- 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. Therefore, the application is approved subject to the following conditions:

- 1. DLP Wilson Medical Center, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall relocate no more than four operating rooms from the existing, non-operational ASF, Wilson Medical Center (WMC) to develop a freestanding ambulatory surgical facility in Wilson County.**
- 3. Upon project completion, Wilson Surgery Center shall be licensed for no more than four operating rooms.**
- 4. 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 January 1, 2022 and so forth.**

- 5. 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.**
  - 6. The certificate holder shall receive accreditation from the Joint Commission for the Accreditation of Healthcare Organizations, the Accreditation Association for Ambulatory Health Care or a comparable accreditation authority within two years following licensure of the facility.**
  - 7. For the first three years of operation following completion of the project, the certificate holder shall not increase charges more than 5% of the charges projected in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
  - 8. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
  - 9. 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.**
  - 10. 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.

C

The applicant proposes to relocate four ORs from an existing ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

### **Capital and Working Capital Costs**

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

Site Costs	\$2,382,700
Construction Costs	\$13,242,750
Miscellaneous Costs	\$6,613,365
<b>Total</b>	<b>\$22,238,815</b>

In Exhibit F.1, 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:

- In Exhibit F.1, the applicant provides a proposed equipment list with cost quotes inflated 10% and these costs are included in the projected capital cost.
- In Exhibit F.1, the applicant provides documentation from an architect projecting construction plans and capital costs which are included in the projected capital cost.

In Section F, page 65, the applicant projects that start-up costs will be \$184,503 and initial operating expenses will be \$725,049 for a total working capital of \$909,552. In Sections F.3, page 65 and Q, the applicants provide the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information regarding projected start-up costs and initial operating expenses provided on page 65 and in Section Q.

### **Availability of Funds**

In Section F, page 66, the applicant states that the capital cost will be funded as shown in the table below.

**Sources of Capital Cost Financing**

TYPE	LIFEPPOINT HEALTH	TOTAL
Cash and Cash Equivalents	\$23,148,367	\$23,148,367
<b>Total</b>	<b>\$23,148,367</b>	<b>\$23,148,367</b>

In Section F page 54, the applicants state that the working capital needs of the project will be funded with Cash and Cash Equivalents of LifePoint Health, Inc. which is the parent company of the applicant, Wilson Medical Center.

Exhibit F.2 contains a letter dated November 10, 2020 from J. Michael Grooms, Senior Vice President and Chief Accounting Officer of LifePoint Health, Inc. that states:

*“The project is estimated to require approximately \$23.5 million. LifePoint hereby commits to provide the funds necessary to successfully complete the project. The funds will come from LifePoint’s cash reserves.*

*Please accept this letter as my acknowledgement that LifePoint has \$1.8 billion in available cash as of the date of this letter. All of these funds are unrestricted and in nature and are immediately available for use for the proposed project.”*

**Financial Feasibility**

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

	<b>1<sup>ST</sup> FULL FISCAL YEAR 01/01/2024- 12/31/2024</b>	<b>2<sup>ND</sup> FULL FISCAL YEAR 01/01/2025- 12/31/2025</b>	<b>3<sup>RD</sup> FULL FISCAL YEAR 01/01/2026- 12/31/2026</b>
Total Cases	2,739	3,302	3,869
Total Gross Revenues (Charges)	\$20,676,896	\$28,378,424	\$36,338,316
Total Net Revenue	\$5,059,655	\$6,917,985	\$8,839,343
Average Net Revenue per Case	\$1,847	\$2,095	\$2,285
Total Operating Expenses (Costs)	\$6,194,624	\$7,009,750	\$7,654,305
Average Operating Expense per Case	\$2,262	\$2,123	\$1,978
Net Income	(\$1,134,969)	(\$91,765)	\$1,185,038

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section F, page 68 and in Section Q.

**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 and working capital costs are based on reasonable and adequately supported assumptions.
- The applicants adequately demonstrate availability of sufficient funds for the capital and working capital needs of the proposal.

- The applicants adequately demonstrate sufficient funds for the operating needs of the proposal.
- (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 four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

On page 51, the 2020 SMFP defines the service area for ORs as “...the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.” Figure 6.1 on page 57 of the 2020 SMFP shows Wilson County as a single county OR service area. Thus, the service area for this application is Wilson County. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved ORs in the Wilson County Operating Room Service Area:

FACILITIES	IP ORs	OP ORs	SHARED ORs	EXCLUDED ORs	TOTAL ORs	PROJECTED OR DEFICIT/SURPLUS (-)
Wilson Medical Center (HO210)	1	0	9	-1	9	(6.11)
Wilson Medical Center (AS0005)	0	4	0	0	4	(3.21)
Wilson OB-GYN	0	1	0	0	1	(0.96)
<b>Total</b>	<b>1</b>	<b>5</b>	<b>9</b>	<b>-1</b>	<b>14</b>	

Source: 2020 SMFP, Table 6A, page 68 and Table 6B, page 81.

In Section G, pages 71-72, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ambulatory surgical services in the Wilson County Operating Room Service Area. The applicant states:

- “The proposal will not result in increase the number of operating rooms in the service area. The service area has no other freestanding multispecialty ASF;
- Although the applicant expects DLP Wilson Medical Center to have excess capacity in its hospital operating rooms, these rooms cannot meet the need for freestanding ASF operating rooms. CMS regulations, which are in turn used as the foundation for many third-party payors, require hospitals to bill on the higher HOPD rates schedules.
- Wilson OB-GYN (license AS0007) is a chronically underused single specialty surgery facility. Wilson OB-GYN has reported very few procedures for the past four years...DLP Wilson Medical Center hospital performed three times more OB/GYN cases, 291 in 2019. The applicant expects many of the hospital these cases will shift to Wilson Surgery Center.”

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:

- The proposal would not result in an increase in ORs in the Wilson County Operating Room Service Area.
- The applicants adequately demonstrate that the proposed ASF is needed in addition to the existing or approved ASFs in Wilson 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

The applicant proposes to relocate four ORs from an existing ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

In Section Q, Form H Staffing, the applicants provide projected full-time equivalent (FTE) staffing for the proposed services for the first three fiscal years (FY) of operation, as illustrated in the following table:

POSITION	PROJECTED FTE STAFF		
	1 <sup>ST</sup> FULL FY (01/01/2024 TO 12/31/2024)	2 <sup>ND</sup> FULL FY (01/01/2025 TO 12/31/2025)	3 <sup>RD</sup> FULL FY (01/01/2026 TO 12/31/2026)
Registered Nurses	11	14.5	16
Surgical Technicians	3	5	6
Clerical Staff	1	1	1
Central Sterile Supply Technicians	4	4	4
Maintenance /Engineering	1	1	1
Director of Nursing	1	1	1
Business Office	6	6	6
Other (Scheduler)	1	1.5	2

Other (PAT Nurse)	1	1.5	2
<b>TOTAL</b>	<b>29</b>	<b>36</b>	<b>39</b>

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form 3, which is found in Section Q. In Section H.2 and H.3, page 75, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. In Section I, page 79, the applicant identifies the proposed medical director. In Exhibit I.1, the applicants provide a letter from the proposed medical director in which he indicates his interest in serving as medical director for the proposed services.

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

- The applicant projects an increase in the FTE staffing positions necessary to accommodate the proposed increase in healthcare services at Wilson Surgery Center.
- The increased costs are accounted for in the budgeted Operating Costs.
- The applicant provides adequate documentation of staff and its existing training and continuing education programs.

### **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 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.

C

The applicant proposes to relocate four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

### **Ancillary and Support Services**

In Section I, page 77, the applicant identifies the necessary ancillary and support services for the proposed services. On page 77, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1 The

applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant specifically identifies the providers of the ancillary and support services.
- The applicant provides documentation from the providers of their interest and commitment to providing the services.

### **Coordination**

In Section I, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I. 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.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO.

In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

C

The applicant proposes to relocate four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new 21,000 SF freestanding ASF in Wilson County.

On pages 85-86, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K. The site appears to be suitable for the proposed ASF based on the applicant's representations and supporting documentation.

On page 83, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant is unable to reach an agreement to renovate the former site or space at the hospital sufficient address the needs for an ASF.
- The applicant is using an approach to construction involving competitive bids with unit prices and price limits.
- The design of the building will allow for lower costs and efficient use of space.

On page 84, 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:

- The proposed project will offer a more cost-efficient means of providing outpatient surgical services than what is presently available in the community.

- The hospital staffs the surgery department to volume and utilizing the hospital for more complex surgical cases will permit more efficient use of space and staffing resources.

On page 84, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit B.4.

### **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 88, the applicant provides, from the ERSC NC 2019 LRA, the historical payor mix during the last full fiscal year (10/1/2017-9/30/2018) for the proposed services, as shown in the table below.

<b>Payor Category</b>	<b>Surgical Services as Percent of Total</b>
Private Pay	0.7%
Charity Care	0.0%
Medicare*	55.8%
Medicaid*	8.8%
Insurance*	31.5%
Other (Various)**	3.2%
<b>Total</b>	<b>100.00%</b>

\* Including any managed care plans

\*\* Includes Workers Comp, TRICARE, VA, Other Federal Programs

In Section L, page 87 the applicant provides for informational purposes, the percentage of the population of the service area where the ORs will be located. However, due to the existing ASF, Wilson Medical Center (AS0005) not being operational for FY 2019 or 2020, the applicant states that data regarding the percentages of medically underserved patients served by the facility during this time period does not exist. Therefore, a comparison cannot be made.

The Agency reviewed the:

- Application
- Exhibits to the application

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 ... 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, page 89, the applicant states:

*“Wilson Medical Center (AS0005) is not obligated under any applicable federal regulations to provide uncompensated care, or community service. Because it is currently not in operation it is not required to provide access by minorities and handicapped persons. When it is in operation again, as a certified CMS Medicare and Medicaid provider, it will be subject to non-discrimination policies under the Civil Rights Act and the Americans with Disabilities Act.”*

In Section L, page 89, the applicant states that during the last five years no patient civil rights access complaints have been filed against the facility or any related entities located in North Carolina.

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 90, the applicants project the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below:

PAYOR CATEGORY	ENTIRE FACILITY AND ORS
Self-Pay	0.6%
Charity Care*	0.0%
Medicare**	38.2%
Medicaid**	2.6%
Insurance**	47.4%
Workers Compensation	11.2%
Other (TRICARE, VA, other Federal Programs)	0.0%
<b>Total</b>	<b>100.0%</b>

\*WMC's internal data does not include Charity Care as a payor source

\*\*Including any managed care plans.

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, 38.2% to Medicare patients and 2.6% to Medicaid patients.

In Section L, page 90, 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 applicant states that the Medicaid percentage is projected to be less than what was reported for ERSC due to the proportion of ENT and ophthalmology cases being higher than the proposed ASF.

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, page 91, 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

The applicant proposes to relocate four ORs from an existing non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

In Section M, page 92, the applicant describes the extent to which health professional training programs in the area will 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 will have access to the facility for training purposes based on the following:

- The applicant states it has long standing relationships with numerous academic institutions in the state and provides training agreements with local colleges.
- The applicant provides documentation of clinical training rotations for students from numerous universities and colleges occurring at WMC over the past year.

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 applicant proposes to relocate four ORs from an existing, non-operational ASF, Wilson Medical Center (WMC), to develop a new freestanding ASF in Wilson County.

On page 51, the 2020 SMFP defines the service area for ORs as “...the service area in which the room is located. The operating room service areas are the single or multicounty groupings as shown in Figure 6.1.” Figure 6.1 on page 57 of the 2020 SMFP shows Wilson County as a single county OR service area. Thus, the service area for this application is Wilson County. Facilities may also serve residents of counties not included in the service area.

The following table identifies the existing and approved ORs in the Wilson County Operating Room Service Area:

FACILITIES	IP ORs	OP ORs	SHARED ORs	EXCLUDED ORs	TOTAL ORs	PROJECTED OR DEFICIT/SURPLUS (-)
Wilson Medical Center (HO210)	1	0	9	-1	9	(6.11)
Wilson Medical Center (AS0005)	0	4	0	0	4	(3.21)
Wilson OB-GYN	0	1	0	0	1	(0.96)
<b>Total</b>	<b>1</b>	<b>5</b>	<b>9</b>	<b>-1</b>	<b>14</b>	

Source: 2020 SMFP, Table 6A, page 68 and Table 6B, page 81.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 94, the applicant states:

*“By relocating and reopening a licensed freestanding, multispecialty ASF, the proposed project will change the competitive environment in the 25-mile market area. The re-opened ASF will have a larger medical staff than the former, and state of the art design will more efficiently serve patients.”*

Regarding the impact on cost effectiveness, in Section N, page 95, the applicant states:

*“The design and staffing structure of the facility support a low-charge, low-reimbursement structure. Because the ASF will not have emergency or inpatient*

*obligations, it can provide more predictable schedules, a cost saving feature for patients and physicians. ....As noted elsewhere in the application, the proposed lower fee structure will advance cost effective care throughout the community.”*

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

Regarding the impact of the proposal on quality, in Section N, page 95, the applicant states:

*“All equipment needed for the project will be acquired from quality vendors who will be held accountable for meeting current safety regulations at the time of sale and the facility will have a maintenance program that supports sustained adherence to these standards.*

...

*Wilson Surgery Center will be licensed by the state of North Carolina, certified for participation in Medicare and Medicaid, and accredited by The Joint Commission. Each provides additional layers of oversight, maintaining a high bar for competition.”*

See also Sections B, 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 96, the applicant states:

*“Wilson Surgery Center will accept patients without regard to source of payment and provide charity for medical necessity.*

...

*The location, ADA compliant building design, and willingness to accept Medicare, Medicaid, hardship patients, and uninsured will all increase access for patients and promote competition in the service area. More than 40 percent of expected patients will be Medicare and Medicaid beneficiaries.”*

See also Sections C, and L 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 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 based on 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 the applicant identifies the hospitals and surgery centers located in North Carolina owned, operated or managed by the applicants or a related entity. The applicant identifies a total of two of these types of facilities located in North Carolina.

In Section O, page 98 the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any 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 applicants 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.

NA

The applicant proposes to relocate four non-operational operating rooms from an existing ASF to develop a new ASF in the service area. The Criteria and Standards for Surgical Services and Operating Rooms, promulgated in 10A NCAC 14C .2100, are not applicable to this review because the applicant does not propose to increase the number of ORs in the service area.