

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: October 22, 2021

Findings Date: October 22, 2021

Project Analyst: Celia C. Inman

Co-Signer: Gloria C. Hale

Project ID #: F-12088-21

Facility: Atrium Health Ballantyne Emergency Department

FID #: 210484

County: Mecklenburg

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Develop a new satellite emergency department to be licensed as part of Atrium Health Pineville

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The Charlotte-Mecklenburg Hospital Authority (referred to as CMHA, Atrium, or the applicant) proposes to develop Atrium Health Ballantyne Emergency Department (AH Ballantyne), a satellite emergency department (ED) in Charlotte, Mecklenburg County, which will be licensed as part of Atrium Health Pineville (AH Pineville) on a new campus. The satellite ED will offer 24-hour emergency care, including necessary diagnostic services, laboratory services, and medication delivery capacity.

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 2021 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities (page 29 of the 2021 SMFP) is applicable to this review. *Policy GEN-4* 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 is 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 \$5 million; therefore, Policy GEN-4 is applicable to this review. In Section B, pages 27-28, the applicant provides a written statement describing its plan to work with a design team and facility management group to assure improved energy efficiency and water conservation. On page 27, the applicant states:

“CMHA is committed to energy efficiency and sustainability that balances the need for healthcare services and environmental sustainability in the communities it serves.”

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 consistent with Policy GEN-4, pursuant to Condition (4) of Criterion (4); and therefore, conforming to this criterion based on the following:

- The applicant states it will work with experienced architects and engineers to develop this proposed project to ensure energy efficient systems are an inherent part of the project.
- The applicant adequately demonstrates that it provides a written statement describing its plan to work with a design team and facility management group 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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop AH Ballantyne, a satellite ED in Charlotte, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity. The satellite ED will be a new campus, licensed as part of AH Pineville. Atrium Health currently operates seven satellite emergency departments and has been approved to develop an additional satellite ED, Atrium Health Mountain Island, which is currently under development.

In Section C, pages 29-33, the applicant describes the proposed project as a six-bed satellite emergency department, including:

- Six ED rooms, including one trauma/bariatric room and one isolation room
- a three-bay triage area
- two observation/holding beds
- one CT scanner to be relocated from AH Pineville and replaced
- one unit of fixed X-ray equipment
- one unit of portable X-ray equipment
- two units of portable ultrasound equipment
- emergency laboratory services
- emergency medication delivery (pharmacy) services

In addition, the facility will include space for patient intake and waiting, offices, a conference room, clean and soiled work areas, decontamination, storage, a staff work area, and a staff

break area. The applicant states that the sole service component for the proposed project is emergency services. All ancillary services, including imaging, laboratory, and medication delivery, will be provided only as part of the emergency visit, and not for non-emergent, scheduled outpatients.

Patient Origin

The 2021 SMFP does not define a service area for emergency departments. The applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28104, 28105, 28134, 28173, 28210, 28273, 28277, 29707, 29715, 18217, 28278, and 29708. (Section Q Form C Utilization Assumptions and Methodology) These ZIP codes cover areas in Mecklenburg and Union counties in North Carolina and York and Lancaster counties in South Carolina. Facilities may also serve residents of counties not included in their service area.

The proposed satellite ED is not an existing facility and therefore does not have historical patient origin. In Section C, page 35, the applicant provides the projected patient origin for the proposed ED, as summarized below.

AH Ballantyne Projected Patient Origin						
	OY 1 – CY2024		OY 2 – CY2025		OY 3 – CY2026	
County	# Patients	Percent	# Patients	Percent	# Patients	Percent
Mecklenburg, NC	7,142	68.0%	7,719	68.0%	6,935	68.0%
Union, NC	1,511	14.4%	1,633	14.4%	1,467	14.4%
York, SC	1,309	12.5%	1,414	12.5%	1,271	12.5%
Lancaster, SC	546	5.2%	590	5.2%	530	5.2%
Total	10,508	100.0%	11,356	100.0%	10,202	100.0%

Source: Section C, page 35

In Section Q Form C Assumptions and Methodology, the applicant provides the assumptions and methodology used to project its patient origin. In Step 1, page 3, the applicant states:

“Based on the experience of Atrium Health Steele Creek, CMHA determined that the primary service area for its satellite emergency departments in the greater Charlotte area should be based on the area within a 15-minute drive time from the facility - its ‘15-minute drive time zone’. Based on these factors, the primary service area for Atrium Health Ballantyne is assumed to be the area within a 15-minute drive time from the facility, as shown in the map below, produced by Esri. Since service areas for satellite emergency departments are not defined by the 2021 SMFP or any regulatory criteria, CMHA defines the primary service area as the region from which the majority of its patients will originate.”

The applicant states that additional assumptions regarding the balance of patients for the proposed project are detailed in Step 6 of the methodology where the applicant discusses in-migration from outside its defined 15-minute drive time ZIP codes being 28.9%.

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

- The applicant chose ZIP codes that most closely correspond geographically with the 15-minute drive time zone from AH Ballantyne.
- The applicant included ZIP codes even if they were not entirely within the 15-minute drive time zone.
- The applicant projects in-migration consistent with the average of CMHA's satellite EDs.

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.

In Section C, pages 37-38, the applicant states:

“The proposed project is in response to a need driven by highly utilized emergency services in Mecklenburg County, along with the lack of sufficient capacity within Mecklenburg County and the facilities that serve patients from the proposed service area. . . . , existing emergency services in Mecklenburg County and in the Atrium Health Ballantyne service area are currently operating above industry-recognized capacity levels. In addition to and further exacerbating this capacity constraint is the population growth. Together, these factors support the need for local access to emergency services. CMHA has determined that the satellite emergency department model represents the least costly and most effective alternative to increasing access to emergency department services in the proposed service area.”

On page 37, the applicant describes the extent of the services it plans to offer at the satellite ED. The applicant states it will serve as an extension of CMHA's existing healthcare system in the surrounding areas by providing additional access to patient services in high demand – emergency care. The applicant states that other project components, including a CT scanner (to be relocated from Atrium Health Pineville and replaced), ultrasound, diagnostic X-ray, laboratory, and pharmaceutical services, are essential to the operation of emergency services and will be provided at the facility. The applicant further states that these diagnostic services are to be provided solely as a part of emergency medical treatment and will not be used to provide outpatient diagnostic services for non-emergency patients.

On pages 38-39, the applicant discusses the planning it undertook to determine the most effective location for the proposed project, and states it based the planning on its prior experience operating satellite EDs in Mecklenburg and surrounding counties.

On pages 39-53, the applicant discusses the individual factors it states contribute to the need for the proposed project, as summarized below.

- National ED Trends (page 39)
- Population Growth in Mecklenburg County (pages 40-43)

- Mecklenburg County Traffic Congestion (pages 43-44)
- CMHA ED Utilization (pages 44-46)
- CMHA Satellite ED Services (pages 46-50)
- Need for Emergency Services in the Service Area, including decompression of AH Pineville ED capacity (pages 50-52)

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

- The applicant uses historical data that is clearly cited, reasonable demographical data, and national data to make assumptions with regard to identifying the population to be served, its growth and aging, and the need the identified population has for the proposed services.
- The applicant relies on data from the same proposed model it operates in other locations.
- The applicant provides reasonable information to support the need for additional ED capacity in addition to its existing ED capacity.

Projected Utilization

ED Visits

In Section Q Form C, the applicant provides projected utilization of the satellite ED and ancillary services during the first three full operating years, as shown in the table below.

AH Ballantyne Projected Utilization			
	CY2024	CY2025	CY2026
Emergency Department			
# of Treatment Rooms	6	6	6
# of Visits	10,508	11,356	10,202
Observation Beds (unlicensed)			
# of Beds	2	2	2
Days of Care	70	76	68
Laboratory			
Tests	26,157	28,270	25,397
CT Scans			
# of Units	1	1	1
# of Scans	3,046	3,292	2,958
# of HECT Units	4,920	5,317	4,777
Fixed X-Ray (incl. fluoroscopy)			
# of Units	2	2	2
# of Procedures	4,398	4,753	4,270
Ultrasound			
# of Units	2	2	2
# of Procedures	772	834	749

In Section Q Form C Utilization - Assumptions and Methodology, the applicant provides the assumptions and methodology used to calculate projected utilization of the satellite ED and

ancillary services. The assumptions and methodology for each set of calculations are discussed below.

Step 1: Identify the service area (defined as the area within 15 minutes driving time of the proposed facility) and the population residing in the service area.

In Section Q, pages 2-4, the applicant states it relied on its experience operating AH Steele Creek, another satellite ED in Mecklenburg County, and Esri data in determining the most accurate area for patient origin. Using Esri data, the applicant identified the population residing in the proposed service area as 248,595 people in 2020, which is projected by Esri to grow to 268,228 people by 2025. The applicant states Esri does not provide the breakdown of population growth for the individual years between 2020 and 2026, so the applicant calculated the population for 2020-2026 based on the growth projected by Esri for 2020 to 2025. The resulting population of the proposed service area for each year in the time span is shown in the table below.

Proposed Service Area Population by Year (Based on 2020 and 2025 Esri Data)

	2020	2021	2022	2023	2024	2025	2026	CAGR
15 Minute Driving Time	248,595	252,403	256,270	260,195	264,181	268,228	272,337	1.5%

Step 2: Calculate the AH Ballantyne service area ED outpatient use rates for ZIP codes in the proposed service area using historical data and the average ED use rate for all ZIP codes in the proposed service area.

In Section Q, pages 5-10, the applicant states that it used Esri, Truven, and South Carolina Office of Research and Statistics (ORS) data to calculate the ED use rate for each ZIP code represented in the proposed service area. The applicant states it calculated the use rate for the entire ZIP code if any of the ZIP code fell within the proposed service area, whereas the service area is defined as the area within the ZIP code that falls within a 15-minute drive zone. The applicant's data and calculations are shown in the table below.

ED Use Rate by ZIP Code

ZIP Code	2020 Pop.	Outpatient ED Visits	Use Rate per 1,000 Pop.
28104	34,078	5,817	170.7
28105	44,529	9,790	219.9
28134	11,443	3,715	324.7
28173	65,454	12,686	193.4
28210	43,676	13,088	299.7
28226	40,283	8,490	210.8
28270	34,518	5,991	173.6
28273	42,086	13,736	326.4
28277	73,024	10,427	142.8
29707	30,226	6,459	213.7
29715	40,153	8,723	217.2
28217	31,981	14,421	450.9
28278	32,762	7,759	236.8
29708	39,912	7,056	176.8
Total	564,125	128,128	227.1

Source: Section Q, page 8

As the table above shows, the applicant calculates a use rate of 227.1 visits per 1,000 population, which it states is reasonable when compared to the higher use rates calculated for CY2019 for Mecklenburg County using (1) the same source information for 2019 data and (2) the Healthcare Planning and Certificate of Need Section’s 2020 report for ED patients based on 2019 data.

In Section Q, pages 8-10, the applicant further states it considered the reasonableness of its projected use rate by comparing its experience in projecting ED visits for AH Steele Creek. The applicant states its assumptions and methodology for projecting utilization at AH Steele Creek were the same as the present application – calculating use rate by ZIP codes which fell within a 15 minute driving window of the proposed facility. The applicant states that, based on the data for the year AH Steele Creek opened, the ED use rate per 1,000 people increased by an average of 23 percent 2009 to 2010, while during the same time period, the ED use rate for Mecklenburg County declined slightly. The applicant further states that, by projecting no increase in the ED use rate during the first three operating years of the project, it believes its projections are reasonable and conservative.

Step 3: Project future outpatient ED visits for the proposed service area.

Using the population data calculated in the first step, and applying the average outpatient ED use rate calculated in the second step, the applicant states it projects the outpatient ED visits for each of the first three operating years. The calculations are shown in the table below.

Projected Service Area Outpatient ED Visits			
	CY2024	CY2025	CY2026
Proposed Service Area Population	264,181	268,228	272,337
Outpatient ED Visits per 1,000 Pop.	227.1	227.1	227.1
Projected Outpatient ED Visits	60,003	60,922	61,855

Source: Section Q, page 10

Step 4: Adjust projected outpatient ED visits for the service area.

The applicant states that CMHA used publicly available information and Esri to calculate the ED visits by patients who live within the 15-minute drive time of AH Ballantyne and who have been projected to be served by Atrium Health Providence (which opened shortly after the onset of COVID) or one of the approved but undeveloped ED facilities. The applicant then reduced Step 3 projected visits by that number of visits resulting in the table below.

Projected Service Area Outpatient ED Visits After Adjustment			
	CY2024	CY2025	CY2026
Projected Outpatient ED Visits	60,003	60,922	61,855
ED Visits to be Served by Atrium Health Providence and Approved but Undeveloped EDs in the Service Area	22,845	24,779	29,385
Projected Outpatient ED Visits After Adjustment	37,158	36,143	32,470

Source: Section Q, page 11

Step 5: Apply assumed market share to determine projected emergency department visits.

The applicant calculates the market share for each of the six satellite EDs operated by Atrium by comparing the number of outpatient ED visits for every ZIP code that falls within the 15 minute driving window for each satellite ED with the total number of outpatient ED visits for that ZIP code. In Section Q, the applicant provides detailed examples of its calculations for the market share of AH Steele Creek. The applicant provides detailed calculations and data sources for all six satellite EDs in Exhibit C-5.2. The applicant states it believes its market share calculations are reasonable and conservative because they use the market share of the entire ZIP code for every ZIP code within the identified service area, even if only a fraction of that ZIP code falls into the service area.

A summary of the market share of outpatient ED visits for each of the six Atrium satellite EDs and the system average is shown in the table below.

Outpatient ED Visit Market Share by Facility	
Facility	Market Share – 15 Minute Drive Window
Atrium Health Huntersville	12.0%
Atrium Health SouthPark	9.6%
Atrium Health Steele Creek	40.1%
Atrium Health Harrisburg	12.6%
Atrium Health Kannapolis	28.7%
Atrium Health Waxhaw	31.1%
Average	22.3%

Source: Section Q, page 12

In Section Q, page 12, the applicant states it believes that using the average market share of 22.3% for AH Ballantyne is reasonable and conservative for the following reasons:

- CMHA’s market shares range from 9.6% to 40.1% for the six facilities listed above.
- CHMA’s EDs currently have a market share of 73.1 percent of the 128,128 outpatient ED visits for the proposed service area, and has historically served a majority of patients in the proposed service area.

Using the 22.3% average market share, the applicant projects the number of outpatient ED visits from the proposed service area that will be served at AH Ballantyne, as shown in the table below.

Projected AH Ballantyne Outpatient ED Visits			
	CY2024	CY2025	CY2026
Projected Outpatient ED Visits	37,158	36,143	32,470
Assumed Market Share	22.3%	22.3%	22.3%
AH Ballantyne Projected ED Visits	8,302	8,075	7,255

Source: Section Q, page 13

Step 6: Calculate in-migration and total ED utilization.

The applicant states that to determine the appropriate in-migration assumption for the proposed facility, CMHA examined the experience of AH Steele Creek, consistent with its proposed market share assumption, as well as the experience of all other CMHA satellite EDs. To determine the level of in-migration that AH Steele Creek experienced for outpatient ED visits from outside of its service area, CMHA calculated the percentage of visits served from outside of the AH Steele Creek area ZIP codes, as summarized below.

Atrium Health Steele Creek In-migration	ED Visits
Total from 15-minute Drive Time ZIP Codes	21,716
Atrium Health Steele Creek Total Visits	35,486
Percent In-migration	38.8%

Source: Section Q, page 13

The applicant states it uses data from entire ZIP codes, even when part of the ZIP code would not be considered part of the service area, which artificially lowers the actual in-migration amount at each facility. Full calculations and detailed sources for all six satellite EDs are found in Exhibit C-5.2.

A summary of the in-migration for each of the six Atrium satellite EDs and the system average is shown in the table below.

Outpatient ED Visit In-migration by Facility	
Facility	In-migration – outside 15 Minute Drive Window
Atrium Health Huntersville	27.8%
Atrium Health SouthPark	35.8%
Atrium Health Steele Creek	38.8%
Atrium Health Harrisburg	18.5%
Atrium Health Kannapolis	9.8%
Atrium Health Waxhaw	42.6%
Average	28.9%

Source: Section Q, page 14

In Section Q, page 14, the applicant states it uses the average ratio associated with the six Atrium facilities, 28.9%, to project in-migration for AH Ballantyne, for the following reasons:

- The proposed ratio is less than the AH Steele Creek in-migration ratio.
- The proposed in-migration is conservative as compared to three of the other satellite EDs and the average in-migration for all Atrium satellite EDs.

Using 28.9% rate of in-migration, the applicant projects the number of potential ED visits that will be served at AH Ballantyne, as shown in the table below.

Projected AH Ballantyne ED Visits including In-migration			
	CY2024	CY2025	CY2026
AH Ballantyne Projected Service Area ED Visits	8,302	8,075	7,255
Assumed In-migration	28.9%	28.9%	28.9%
Projected In-migration Visits	3,373	3,281	2,947
Potential AH Ballantyne ED Visits	11,675	11,356	10,202

Source: Section Q, page 15

In Section Q, page 15, the applicant applies a ramp-up period of 90% in the first year of operation and 100% in the second and third year. The table below shows the projected ED visits at AH Ballantyne.

Projected AH Ballantyne ED Visits			
	CY2024	CY2025	CY2026
AH Ballantyne Projected Potential ED Visits	11,675	11,356	10,202
Ramp-up Period Ratio	90%	100%	100%
Projected AH Ballantyne ED Visits	10,508	11,356	10,202

Source: Section Q, page 15

The applicant states ACEP guidelines suggest an ED with the utilization projected above should optimally have between eight and 11 ED bays. The applicant further states AH Ballantyne’s six ED bays are projected to serve 10,202 emergency patients by the third project year or 1,700 visits per room, which exceeds the ACEP utilization guidelines and thus effectively utilizes the proposed ED capacity.

Step 7: Determine the impact on other providers.

In Section Q, page 15, the applicant states that based on the assumed use rate of 227.1 outpatient ED visits per 1,000 population, the primary service area is expected to experience growth of 4,459 outpatient ED visits from 2020 to 2025 based on projected population growth. On page 16, the applicant states that based on its projected 2025 primary service area ED visits (Step 5):

“Thus, service area volume generated solely by population, with no reduction in utilization for other providers, could account for 55 percent of Atrium Health Ballantyne’s expected utilization (55 percent = 4,459 growth in primary service area visits / 8,075 Atrium Health Ballantyne visits from the primary service area).

For this reason, it is conservative to assume that 100 percent of the volume at the proposed facility will be shifted from other providers, as that is quite unlikely.”

The applicant then estimates the existing market share of its primary service area (page 16), using the ZIP codes identified in Step 2, which includes the entirety of the noted ZIP codes, not just the area within the applicant’s proposed 15-minute drive zone primary service area.

On page 17, the applicant provides a table showing its proposed shift of ED visits, which it terms as the “worst case” analysis which assumes that AH Ballantyne’s ED patients, including in-migration, will be shifted from the facilities listed in direct proportion to their existing market share. (page 16)

CMHA then applies an assumed Mecklenburg County population growth rate from 2020-2025 of 1.8% annually (based on data from North Carolina Office of State Budget and Management) to the 2019 total ED visits (including visits from outside the proposed primary service area ZIP codes) listed for the Mecklenburg facilities, resulting in the projected total 2025 ED visits. (page 18) The same table on page 18 shows the 2025 visits at the existing facilities after the impact of shifting the proposed ED visits from the Mecklenburg County facilities.

On page 19, the applicant shows the projected visits per ED room after the shift of ED visits to AH Ballantyne, demonstrating that each of the affected facilities would continue to operate above or within the range of effective utilization according to ACEP guidelines. The applicant further states its belief that any potential impact is likely to be felt at CMHA facilities, as patients who are already choosing another system for care (i.e. Novant, CaroMont) are likely to continue receiving care within those systems.

Ancillary Services

In Section Q, pages 19-22, the applicant explains its methodology for projecting ancillary services. The applicant states that all utilization of these services will be ancillary to emergency department visits. The applicant further states it uses its experience operating AH Steele Creek to project utilization of the ancillary services. The applicant states that it believes AH Steele Creek is an optimal facility to compare the proposed facility with, as the facilities

have ancillary services that are similar in nature and neither facility offers any type of other outpatient treatment or diagnostic imaging services at its facility.

The applicant states it used its CY2019 experience at AH Steele Creek to determine the ratios of specific services to ED visits. Those ratios are shown in the table below.

CY2019 Atrium Health Steele Creek Utilization Ancillary Services		
	Utilization	Ratio to ED Visits
ED Visits*	36,772	--
CT Scans	10,660	0.29
HECT Units	17,217	0.47
X-Ray	15,391	0.42
Ultrasound	2,701	0.07
Observation Encounters**	1,177	0.03
Observation Days	245	0.01
Laboratory	91,537	2.49

Source: Section Q, page 20

*Internal CMHA data which shows 3.6% higher ED visits for Atrium Health Steele Creek than the Truven and SC ORS ED visit data

**Observation encounters represent 3.2% of total ED visits

The applicant then applied the ratios from AH Steele Creek in CY2019 to its projected ED visits during the first three operating years. The results are shown in the table below.

AH Ballantyne Projected Utilization – Ancillary Services				
	Ratio to ED Visits	CY2024	CY2025	CY2026
ED Visits	--	10,508	11,356	10,202
CT Scans	0.29	3,046	3,292	2,958
HECT Units	0.47	4,920	5,317	4,777
X-Ray	0.42	4,398	4,753	4,270
Ultrasound	0.07	772	834	749
Observation Encounters	0.03	336	363	326
Observation Days		70	76	68
Laboratory	2.49	26,157	28,270	25,397

Source: Section Q, page 21

In Section Q, pages 21-22, the applicant discusses the specific needs for each of the ancillary services it projects utilization for imaging, observation, and lab services.

Projected utilization for ED visits and ancillary services is reasonable and adequately supported for the following reasons:

- The applicant utilizes reliable data on projected population and reasonable assumptions for the determination of service area use rate for ED visits
- The applicant utilizes reasonable assumptions for market share and in-migration for ED visits based on its historical experience

- The applicant states that the imaging services are needed as essential elements of ED services and that the facility will not offer scheduled outpatient diagnostic imaging
- The applicant states that it bases projected imaging utilization on its own historical experience operating similar services at AH Steele Creek
- The applicant states that it bases the need for observation rooms on the ACEP guidelines
- The applicant states that its projected lab services are essential to the successful operation of an ED, therefore, the need is justified by clinical necessity alone
- The applicant adequately explains why it proposes to develop the number of ED rooms, observation rooms, and ancillary services to be offered

Access to Medically Underserved Groups

In Section C, pages 59-60, the applicant states that Atrium Health Pineville provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment. The applicant provides the estimated percentage for each medically underserved group served at Atrium Health Pineville, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients CY2026
Low income persons	
Racial and ethnic minorities	47.3%
Women	56.4%
Persons with Disabilities	
Persons 65 and older	30.2%
Medicare beneficiaries	34.5%
Medicaid recipients	11.3%

On page 60, the applicant states that the facility does not maintain data that includes the number of low income or disabled persons it serves.

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 proposed satellite ED will be licensed as part of Atrium Health Pineville
- The applicant provides Atrium Health Pineville's projected service to underserved groups based on its historical service to 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 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, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity. As part of the diagnostic services to be offered, the applicant will relocate and replace one CT scanner from AH Pineville.

In Section D, the applicant explains why it believes the needs of the population presently utilizing the CT services to be relocated will be adequately met following completion of the project. On page 66, the applicant states that AH Pineville currently operates three existing CT scanners. However, AH Pineville states that during the review of this application to develop AH Ballantyne, in an unrelated project, AH Pineville will pursue acquiring an additional CT at AH Pineville, which means AH Pineville will continue to operate three CT scanners after the proposed relocation of one scanner to AH Ballantyne. The applicant further states that the existing CT scanner to be relocated to AH Ballantyne and replaced is an underutilized CT scanner and AH Pineville intends to increase its inventory of CT scanners allowing AH Pineville to continue to have three CT scanners after development of the proposed AH Ballantyne; as such, the applicant states the relocation of the scanner will not impact AH Pineville's provision of CT services.

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

- The existing CT to be relocated and replaced is underutilized
- The applicant intends to increase its CT scanner inventory in an unrelated project, thus continuing the same level of service to its existing population.

In Section Q Form D, the applicant provides projected utilization, as illustrated in the following table.

Form D.2 Historical and Projected CT Utilization AH Pineville

	CY2020	CY2021	CY2022	CY2023	CY2024
# of Units	3	3	4	3	3
# of Scans	49,926	51,917	57,437	63,171	69,030
# of HECT Units	81,300	89,945	99,510	109,485	119,706
HECT Units per CT*	27,100	29,982	24,877	36,495	39,902

*Page 3 of Form D Assumptions and Methodology

In Section Q Form D Utilization – Assumptions and Methodology, the applicant provides the assumptions and methodology used to project utilization, which is summarized below:

- AH Ballantyne is proposed to be operational July 1, 2023; thus the relocation of the one CT scanner is expected to occur in CY2023
- The first full fiscal year of the proposed project will be CY2024
- AH Pineville intends to increase its inventory of CT scanners through a separate regulatory process; thus CMHA assumes AH Pineville will operate an additional unit of CT equipment beginning in CY2022
- The applicant bases its proposed growth in CT utilization on the 2017-2019 CAGR of 10.6% annually to eliminate the impact of COVID
- The applicant projects a shift of 2,583 ED visits from AH Pineville to AH Ballantyne in CY2024 which is expected to result in a reduction in AH Pineville’s CT utilization
- The applicant expects AH Pineville’s CT utilization will be reduced with the relocation of acute care beds and an OR from AH Pineville to AH Steele Creek

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

- The applicant proposes growth in AH Pineville’s CT utilization based on historical growth
- The applicant projects a shift of 2,583 ED visits from AH Pineville to AH Ballantyne in CY2024 which is expected to result in a reduction in AH Pineville’s CT utilization of 749 CT scans and 1,214 HECT units in CY2024
- The applicant expects AH Pineville’s CT utilization will be reduced by 523 CT scans and 879 HECT units in CY2024 with the relocating of acute care beds and an OR from AH Pineville to AH Steele Creek
- The applicant proposes adequate access to CT services following completion of the proposed project

Access to Medically Underserved Groups

In Section D, page 67, the applicant states:

“As discussed in Form D Assumptions and Methodology, the relocation of the proposed scanner will not negatively impact Atrium Health Pineville’s provision of CT services and therefore will not impact access to CT or any other services at Atrium Health Pineville for low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, or any other underserved group.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use CT services at AH Pineville will be adequately met following completion of the project for the following reasons:

- The existing CT to be relocated and replaced is underutilized
- The applicant intends to increase its CT scanner inventory in an unrelated project, thus continuing the same level of service to its existing population.

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.

CA

The applicant proposes to develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

In Section E, pages 71-72, the applicant describes the alternatives 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:

1. Maintain the Status Quo – the applicant states that maintaining the status quo would lead to patients facing delays in receiving emergency care; therefore, this was not an effective alternative.
2. Add to Existing Capacity at AH Pineville – the applicant states that, while AH Pineville ED is highly utilized and operates above ACEP recommended guidelines, adding capacity at AH Pineville would not serve the growing Ballantyne community

with more convenient emergency services closer to home. Thus, the applicant determined this was not an effective alternative.

3. Develop a Satellite ED at a Different Location – the applicant states it strategically locates its satellite EDs in areas of high population and development growth. The applicant states locating a satellite ED in a different area would leave patients in the proposed service area without immediate access to ED services and facing increasing travel times to other ED services as population and development continue to grow. Thus, the applicant determined this was not an effective alternative.

In Section C, page 38, the applicant states, “*CMHA has determined that the satellite emergency department model represents the least costly and most effective alternative to increasing access to emergency department services in the proposed service area.*” The applicant discusses the planning it undertook to determine the most effective location for the proposed project and states it based the planning on its prior experience operating satellite EDs in Mecklenburg and surrounding counties.

On page 72, the applicant states:

“The projected population growth in tandem with the significant number of emergency department visits originating from the proposed service area supports the decision to locate an emergency department in the Ballantyne area opposed to other locations at this time.”

The applicant adequately demonstrates the alternative proposed in this application is the most effective alternative to meet the identified need for the following reasons:

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

- 1. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**

- 2. The certificate holder shall develop a hospital-based satellite emergency department, including 24/7 emergency services, a replacement CT scanner, ultrasound equipment, x-ray equipment, laboratory services, and pharmacy services.**
- 3. 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.**
- 4. 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.**
- 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, 2022. The second progress report shall be due on November 1, 2022 and so forth.**
- 6. No later than three months after the last day of each of the first three full 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.**

7. 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 develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the capital costs for the proposed project, as shown in the table below.

Cost Category	Projected Capital Cost
Site Prep/Landscaping	\$300,000
Construction Contract	\$6,453,239
Architect/Engineering Fees	\$812,979
Medical Equipment	\$4,177,232
Non-Medical Equipment/Furniture	\$831,071
Consultant Fees	\$400,000
Financing/Interest Costs	\$447,635
Other	\$3,250,216
TOTAL CAPITAL COST	\$16,672,372

Source: Section Q, Form F.1a

In Form F.1a Assumptions, 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:

- Site prep, construction costs, landscaping and architect and engineering costs are based on the experience of the project architect with similar projects
- Medical equipment costs are based on vendor estimates and CMHA experience with similar projects
- Non-medical equipment and furniture costs are based on vendor estimates and CMHA experience with similar projects
- Financing costs and interest during construction are based on CMHA experience
- Other includes IS, security, and internal allocations and are based on CMHA experience with similar projects

In Section F.3, page 76, the applicant projects that start-up costs and initial operating expenses will be considered as ongoing operational costs for AH Pineville, and are not considered start-up or initial operating costs.

Availability of Funds

In Section F.2, page 73, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	The Charlotte-Mecklenburg Hospital Authority
Loans	\$
Accumulated reserves or OE *	\$16,672,372
Bonds	\$
Other (Specify)	\$
Total Financing	\$16,672,372

* OE = Owner's Equity

The applicant states that CMHA expects to fund the project with accumulated reserves but has conservatively included financing costs in the event the project is funded with bond financing. Exhibit F.2-1 contains a letter from CMHA CFO documenting the availability of accumulated reserves for this project. Exhibit F.2-2 contains the most recent audited financial statements for CMHA, which indicate the applicant has adequate accumulated reserves to fund the proposed project.

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

- CMHA CFO documents CMHA's intent and ability to fund the project in its entirety
- The most recent financial statements document CMHA's ability to fund the project

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In the pro forma financial statements, Form F.2b Projected Revenues and Net Income upon Project Completion, the applicant projects that total revenues will exceed operating expenses in the first three full fiscal years of operation, as shown in the table below.

AH Ballantyne Projected Revenue and Operating Costs			
	CY2024	CY2025	CY2026
Total ED Visits*	10,508	11,356	10,202
Total Gross Revenue (Charges)	\$49,685,649	\$55,309,269	\$51,179,836
Total Net Revenue	\$9,528,283	\$10,606,731	\$9,814,825
Average Net Revenue per Visit	\$907	\$934	\$962
Total Operating Expenses	\$6,339,640	\$6,548,057	\$6,583,245
Operating Expense/Visit	\$603	\$577	\$645
Net Income (Loss)	\$3,188,642	\$4,058,675	\$3,231,580

*Form C Utilization

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 based on the following:

- The CMHA Financial Planning department provided the data used to develop the revenue and operating cost forms and based its data on the satellite ED at AH Steele Creek, the most comparable facility for the development of financial assumptions for AH Ballantyne.
- Gross revenue is based on projected payor mix and average charge for each of the project years.
- 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on the 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.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
- 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 costs and charges.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

The 2021 SMFP does not define a service area for emergency departments. The applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28104, 28105, 28134, 28173, 28226, 28270, 28210, 28273, 28277, 29707, 29715, 28217, 28278, and 29708. (Section Q Form C Utilization - Assumptions and Methodology) These ZIP codes cover areas in Mecklenburg and Union counties in North Carolina and York and Lancaster counties in South Carolina. Facilities may also serve residents of counties not included in their service area.

In Section G, page 83, the applicant identifies four other providers of ED services within its proposed service area: Novant Health Steele Creek Medical Center (approved and under development hospital-based ED), Novant Health Ballantyne Medical Center (approved and under development hospital-based ED), Atrium Health Pineville (hospital-based ED), and Atrium Health Providence (freestanding ED). For informational purposes, the applicant also identifies all the emergency services in Mecklenburg County on page 83.

In Section G, page 84, the applicant explains why it believes the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in the proposed service area. On page 84, the applicant states:

“For Atrium Health Ballantyne, CMHA is only proposing to serve only a fraction of the need demonstrated in this geography. Moreover, as shown in Form C Assumptions and Methodology, even after projected outpatient emergency department visits in the service area are adjusted to account for Atrium Health Providence and approved but undeveloped emergency departments in the proposed service area, under a ‘worst case’ analysis of the impact of the proposed facility, the only other existing provider of emergency services in the service area, Atrium Health Pineville, will continue to operate above or within the range of effective utilization according to ACEP guidelines.”

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

- The applicant adequately demonstrates that current ED utilization is high enough to support additional ED services in the proposed service area.
- The applicant accounts for projected utilization of the other ED services in the proposed service area in its assumptions and methodology for projecting utilization.
- The applicant adequately demonstrates that the proposed satellite ED is needed in addition to the existing and approved ED services in the proposed service area.

Conclusion

The Agency reviewed the:

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

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

In Section Q Form H Staffing, the applicant provides the full-time equivalent (FTE) staffing positions for the second full fiscal year of the proposed services, as summarized in the following table.

Position	Projected FTE Positions CY2024-2026
Registered Nurses	8.4
Director of Nursing	1.0
Laboratory Technicians	4.2
Radiology Technologists	7.9
Respiratory Therapy Technicians	4.2
EVS	4.2
Materials Management	0.5
Maintenance/Engineering	0.5
Other (Security)	4.2
Other (Patient Access Rep)	7.9
TOTAL	43.0

Source: Section Q, Form H

The assumptions and methodology used to project staffing are provided in Section Q Form H Assumptions. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 86-87, the applicant describes the methods to be used to recruit or fill new positions and its proposed 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:

- The applicant projects FTE staffing positions and salary based on the experience of Atrium Health Pineville.

- The methods to be used to recruit or fill new positions are provided and continuing education programs are discussed.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

Ancillary and Support Services

In Section I, pages 88-89, the applicant identifies the necessary ancillary and support services for the proposed services. On page 88, 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 Exhibit I.1, which contains a letter from AH Pineville VP, attesting to the availability of the stated ancillary and support services.

Coordination

In Section I, page 89, the applicant describes AH Pineville's efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- AH Ballantyne will be a freestanding ED licensed under AH Pineville, an existing facility.
- The applicant states that AH Pineville has well established relationships that will continue following completion of the proposed project.

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 develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

In Section K.2, page 92, the applicant states that the project involves renovating 13,500 square feet of existing MOB space in Ballantyne Medical Plaza. Line drawings are provided in Exhibit C.1.

On pages 93-94, the applicant states that the proposed project will result in a new campus of Atrium Health Pineville in the existing MOB space in Ballantyne Medical Plaza located at 14214 Ballantyne Lake Road; thus, the proposed project does not involve a new site.

On pages 92-93, 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 overall layout of the satellite ED is based on a configuration that provides the most efficient circulation and throughput for patients and caregivers.
- Sizes of spaces are based on best practice methodologies, as well as relationships and adjacencies to support functions.
- The exterior envelope will be a mixture of materials that provide energy efficiency, low maintenance, and aesthetics complementary of the surrounding buildings.
- Costs were derived from recent historical cost information using 3D cost modeling tools.

On page 93, 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 be developed by renovating existing MOB space.
- CMHA will be able to affordably upfit the existing space to suit the needs of the proposed satellite ED.
- CMHA has set aside excess revenues to pay for the proposed project without necessitating an increase in costs or charges to pay for the project.

On page 93, the applicant refers to Section B.2, pages 27-28, for a detailed discussion of energy saving features. There 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 handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 97, the applicant provides the historical payor mix during CY2020 for AH Pineville, as summarized in the table below.

Payor Category	Entire Facility as Percent of Total Patients
Self-Pay	12.3%
Charity Care^	
Medicare*	34.5%
Medicaid*	11.3%
Insurance*	38.9%
Other (Govt, Worker's Comp)^^	3.0%
Total	100.0%

Source: CMHA internal data

*Including any managed care plans

^CMHA internal data does not include Charity Care as a payor source.

^^Workers Compensation, TRICARE, Department of Corrections, and other payors

In Section L, page 98, the applicant provides the following comparison for AH Pineville.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of Mecklenburg County
Female	56.5%	51.9%
Male	43.5%	48.1%
Unknown	0.0%	0.0%
64 and Younger	69.8%	88.5%
65 and Older	30.2%	11.5%
American Indian	0.6%	0.8%
Asian	1.0%	6.3%
Black or African-American	22.3%	33.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	52.7%	57.3%
Other Race	22.1%	2.5%
Declined / Unavailable	1.3%	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 handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 98, the applicant states that AH Pineville is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. The applicant states that AH Pineville provides services to all persons in need of medical care regardless of race, color, religion, national origin, sex, age, disability, or source of payment. The applicant further states that AH Ballantyne will do the same.

In Section L, page 99, the applicant states that, during the 18 months immediately preceding the application, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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.

- (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 99, the applicant provides a table showing the projected payor mix for the proposed services in the third full fiscal year, as summarized below.

**Projected Payor Mix
CY2026**

Payor Source	AH Ballantyne
Self-Pay	24.2%
Charity Care^	
Medicare*	18.3%
Medicaid*	26.8%
Insurance*	28.0%
Other^^	2.7%
Total	100.0%

*Including any managed care plan

^The applicant states its internal data does not include a separate category for charity care and patients in every payor category receive charity care

^^Includes Workers Compensation, TRICARE, Dept. of Corrections, and other payors

As shown in the table above, during the third full fiscal year of operation, the applicant projects 24.2 percent of ED services at AH Ballantyne will be provided to self-pay patients, 18.3 percent of services will be provided to Medicare patients, and 26.8 percent of services will be provided to Medicaid patients.

Exhibit L-4.1 contains Atrium Health’s financial policies. The applicant provides the assumptions and methodology used to project payor mix in Section L, page 100. The projected payor mix is reasonable and adequately supported for the following reasons:

- The projected payor mix is based on the historical payor mix of patients in the applicant’s defined service area.

- The applicant assumes that the payor mix will remain consistent through the project years.

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.

- (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 101, the applicant describes the range of means by which a person 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 develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

In Section M, page 102, 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:

- CMHA has established relationships with training programs in the area.

- CMHA has a contractual agreement with the University of North Carolina at Chapel Hill to manage the Charlotte Area Health Education Center (AHEC), which deems CMHA facilities as clinical rotation training sites for advanced practice provider programs.
- CMHA relationships extend to AH Pineville and will include the proposed AH Ballantyne.

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 develop AH Ballantyne, a satellite ED in Charlotte, to be licensed as part of AH Pineville, which will offer 24-hour emergency care, diagnostic services, laboratory services, and medication delivery capacity.

The 2021 SMFP does not define a service area for emergency departments. The applicant defines the proposed service area by identifying all or portions of ZIP codes that are located within a 15-minute drive from the proposed facility. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28104, 28105, 28134, 28173, 28226, 28270, 28210, 28273, 28277, 29707, 29715, 28217, 28278, and 29708. (Section Q Form C assumptions and Methodology) These ZIP codes cover areas in Mecklenburg and Union counties in North Carolina and York and Lancaster counties in South Carolina. Facilities may also serve residents of counties not included in their service area.

In Section G, page 83, the applicant identifies four other providers of ED services within its proposed service area: Novant Health Steele Creek Medical Center (approved and under development hospital-based ED), Novant Health Ballantyne Medical Center (approved and under development hospital-based ED), Atrium Health Pineville (hospital-based ED), and Atrium Health Providence (freestanding ED). For informational purposes, the applicant also identifies all the emergency services in Mecklenburg County on page 83.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 106, the applicant states:

“By increasing access for CMHA’s emergency services patients, the proposed project will foster competition for emergency services in Mecklenburg County and propel other providers to maximize the level of access to their services, regardless of the patient’s payor source.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 104, the applicant states:

“The proposed application is indicative of CMHA’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, while also ensuring that it develops the services and capacity to meet the needs of the population it serves.”

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 104, the applicant states:

“CMHA believes that the proposed project will promote safety and quality in the delivery of healthcare services. . . .

CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care.”

On page 106, the applicant states that the proposed project will serve to improve the quality of emergency services provided by CMHA facilities in the greater Charlotte area.

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 106, the applicant states:

“Atrium Health Pineville is the only tertiary hospital in the southern Charlotte region. The proposed project will improve access to its services in the service area, including access by those who are medically underserved.”

See also Sections 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 demonstrates: 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

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 hospitals and emergency departments located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 25 of this type of facility located in North Carolina.

In Section O, page 110, the applicant states that, during the 18 months immediately preceding the submittal of the application, each of the facilities identified in Form O has continually maintained all relevant licensure, certification, and accreditation. The applicant states that one alleged incident related to quality of care occurred in one of these facilities: Atrium Health Cleveland. The applicant states that all the problems have been corrected. According to the files in the Acute and Home Care Licensure and Certification (AHCL&C) 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 one of its facilities. The AHCL&C Section also confirmed the facility had corrected any issues and was back in compliance. 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 25 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.
- (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 develop a satellite ED, which will include relocating and replacing an existing CT scanner. There are no administrative rules that are applicable to proposals to develop a satellite ED or to relocate and replace an existing CT scanner. Therefore, this Criterion is not applicable to this review.