

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: April 28, 2023

Findings Date: April 28, 2023

Project Analyst: Tanya M. Saporito

Co-Signer: Lisa Pittman

Project ID #: O-12304-22

Facility: Wilmington Health on Silver Stream Lane

FID #: 220781

County: New Hanover

Applicant(s): Wilmington Health, PLLC

Project: Develop a new ASF by developing one new GI endoscopy room and relocating no more than three existing multispecialty GI endoscopy rooms for a total of no more than four GI endoscopy rooms

REVIEW CRITERIA

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

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

C

Wilmington Health, PLLC (hereinafter referred to as the “applicant” or “WH”) proposes to develop a new ambulatory surgical facility (ASF) to be known as Wilmington Health on Silver Stream Lane (Wilmington Health Silver Stream) by developing one new gastrointestinal endoscopy (GI) procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from Wilmington Ambulatory Surgery Center (WASC). Upon project completion, Wilmington Health Silver Stream will be licensed for a total of no more than four GI endoscopy rooms. The vacated space at WASC will be converted into three procedure rooms. The three existing multispecialty GI endoscopy rooms are approved for the performance of multispecialty cases (Project #ID O-010241-14); therefore, the applicant is demonstrating the need for the proposed ASF based solely on the proposed additional GI endoscopy room and the projected GI endoscopy procedures.

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 2022 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

Policies

One Policy in Chapter 4 of the 2022 SMFP, *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* is applicable to this review.

Policy GEN-4

Policy GEN-4 on pages 30-31 of the 2022 SMFP states:

“Any person proposing a capital expenditure greater than \$4 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 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, page 27, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

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 because the applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, persons with disabilities, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

Patient Origin

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2022 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “*...the county where the proposed GI endoscopy room will be developed.*” The facility will be developed in New Hanover County. Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

In Section C, page 33, the applicant states Wilmington Health Silver Stream is not an existing facility and thus has no patient origin to report. The applicant proposes to relocate existing multispecialty GI endoscopy procedure rooms from WASC; however, no GI endoscopy procedures have been performed in that facility, since the procedure rooms are licensed as multispecialty GI procedure rooms. To provide historical patient origin for GI endoscopy procedures, the applicant provides the historical patient origin for GI endoscopy procedures performed at Wilmington Health on Medical Center Drive, from which the applicant states GI endoscopy volume will transition to Wilmington Health Silver Stream upon project completion.

See the following table from pages 33 and 35 that illustrates patient origin from the last full fiscal year (FY), calendar year (CY) 2021 and the third FY of operation, CY 2028:

Wilmington Health on Medical Center Drive Historical and Projected Patient Origin

COUNTY	HISTORICAL (CY 2021)		PROJECT YEAR 3 (CY 2028)	
	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL
New Hanover	2,395	49.3%	3,326	49.3%
Brunswick	976	20.1%	1,355	20.1%
Pender	626	12.9%	869	12.9%
Onslow	500	10.3%	694	10.3%
Columbus	126	2.6%	175	2.6%
Duplin	83	1.7%	115	1.7%
Other*	150	3.1%	208	3.1%
Total	4,856	100.0%	6,743	100.0%

*The applicant lists the North Carolina counties included in "other", as well as other states on pages 33 and 35.

In Section C, page 33, the applicant provides the assumptions and methodology to project patient origin. The applicant's assumptions are reasonable and adequately based on the following:

- The projections are based on the historical patient origin for Wilmington Health on Medical Center Drive, where the applicant performs GI endoscopy procedures.
- Wilmington Health on Medical Center Drive is located in Wilmington, the same city in which Wilmington Health Silver Stream will be located.

Analysis of Need

In Section C, page 37, the applicant summarizes the need for the project as follows:

"... Wilmington Health proposes to develop a new ASF to include the performance of GI endoscopy procedures in New Hanover County by relocating three existing multispecialty GI endoscopy rooms from WASC and developing one new GI endoscopy room in existing space at Wilmington Health Silver Stream. Upon completion of the proposed project, Wilmington Health will operate a total of four GI endoscopy rooms (three of which are multispecialty) at Wilmington Health Silver Stream. The overall need for the proposed project is based on the need to maintain and enhance GI endoscopy capacity in New Hanover County, specifically for Wilmington Health patients."

In Section C, pages 38-44, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The use of GI endoscopy services for diagnosis, treatment and prevention of GI conditions, including but not limited to esophageal and/or colorectal cancer, stomach ulcers, gallstones and Crohn's disease. The applicant states GI conditions account for 25% of all surgical procedures in the United States, and screening methods such as GI

endoscopy procedures are helpful in early detection and treatment. The applicant cites data from the North Carolina Institute of Medicine (NCIOM) and the North Carolina Central Cancer Registry (NCCCR) that shows New Hanover County is one of the top ten counties in the state expected to account for new cases of colorectal cancer in 2022. Additionally, the applicant cites patient origin data from hospital license renewal applications (LRAs) from FFY 2019-2021 that show GI endoscopy room use rates per 1,000 is higher in New Hanover County than in the state as a whole, and there is in-migration to New Hanover County from surrounding counties for GI endoscopy services. See the tables on page 39 that illustrate the data (pages 38-40).

- Need to maintain and expand GI endoscopy capacity in New Hanover County – The applicant states GI endoscopy volume in New Hanover County increased by a compound annual growth rate (CAGR) of 3.7% from FFY 2019-2021, compared with a 0.8% CAGR in the state as a whole during the same time. The applicant states GI endoscopy volume at Wilmington Health on Medical Center Drive has remained above the capacity of 1,500 procedures per room as required by 10A NCAC 14C .3903(b), having decreased only slightly during the COVID-19 pandemic. (pages 40-42).
- Population growth and aging in New Hanover County – The applicant states the population in New Hanover County is projected to increase at a faster rate than in the state as a whole; particularly the 45 and over population. The applicant cites data from the North Carolina Office of State Budget and Management (OSBM) that shows the 45 and over population cohort is projected to comprise nearly one-half of the county’s total population by 2026. The applicant states the over 45 population is the cohort most likely to need GI endoscopy services (pages 42-44)

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

- Projected population growth in service area, particularly among the 45+ population.
- The historical growth in GI endoscopy procedures performed at Wilmington Health.
- The growing trend in the GI endoscopy industry, particularly for screening procedures.

Projected Utilization

In Section Q, Form C.3b, the applicant provides projected utilization, as illustrated in the following table:

	PARTIAL FY 2/20/25-12/31/25	1 ST FY CY 2026	2 ND FY CY 2027	3 RD FY CY 2028
# GI Endoscopy Rooms	4	4	4	4
# Procedures	5,769	6,955	7,188	7,428

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

- The applicant projects the project to be operational as of February 20, 2025. The applicant’s FY is a CY; therefore, the first three full fiscal years of operation will be CY 2026-2028.
- Wilmington Health was approved in Project ID #O-11441-17 to relocate three existing licensed multispecialty GI endoscopy procedure rooms from Medical Center Drive to WASC. The space at Medical Center Drive that was vacated following the relocation was converted to three unlicensed procedure rooms. The applicant states that all of Wilmington Health’s GI endoscopy procedures have been performed in the unlicensed procedure rooms at Wilmington Health, and all other surgical services have been performed in the multispecialty GI endoscopy rooms at WASC. The applicant proposes to relocate the three multispecialty GI endoscopy rooms from WASC to Wilmington Health Silver Stream and shift the entirety of its GI endoscopy volume to Wilmington Health Silver Stream. The applicant states the project will not impact surgical services at WASC because the space vacated by relocating the three multispecialty GI endoscopy rooms will be converted to unlicensed procedure rooms, which can be used to perform an array of outpatient surgical services. The proposed project involves only relocating GI endoscopy services.
- The applicant analyzed historical utilization of existing GI endoscopy rooms owned, operated or managed by Wilmington Health in New Hanover County, and determined that the number of GI endoscopy procedures performed at Wilmington Health on Medical Center Drive increased by a 6.7% CAGR from CY 2019-2022, despite the decrease in utilization during the COVID-19 pandemic (see Form C, *Utilization Assumptions and Methodology*).
- The applicant projects utilization by applying approximately one-half of the historical CY 2019-2022 CAGR, or 3.3%. The applicant notes that its current utilization remains above the 1,500 procedures per room required by 10A NCAC 14C .3903(b). See the following table that illustrates projected utilization:

	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026 (PY 1)	CY 2027 (PY 2)	CY 2028 (PY 3)	GROWTH CY 22-28
# Procedures	6,098	6,301	6,512	6,730	6,955	7,187	7,428	3.3%
# GI Endo Rooms	3	3	3	4	4	4	4	
Procedures/Room	2,033	2,100	2,171	1,682	1,739	1,797	1,857	

*The applicant annualized CY 2022 data based on eight months of data

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

- Projected utilization is based on actual historical utilization of GI endoscopy rooms owned or operated by Wilmington Health.
- The applicant’s projected growth rate in GI endoscopy procedures is conservative and supported by the historical growth rate.

- The applicant demonstrates that the projected utilization exceeds the required 1,500 procedures per GI endoscopy room.

Access to Medically Underserved Groups

In Section C, page 51, the applicant states:

“The proposed project will maintain and improve access to GI endoscopy services in the service area, including to historically medically underserved groups. Wilmington Health has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, handicap, or ability to pay”

In Section C, page 52, the applicant provides the estimated percentage for each medically underserved group during the third full FY, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	PERCENTAGE OF TOTAL PATIENTS
Low income persons	--
Racial and ethnic minorities	11.8%
Women	55.5%
Persons with Disabilities	--
Persons 65 and older	40.3%
Medicare beneficiaries	37.5%
Medicaid recipients	0.1%

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.

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.

- (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 develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

In Section D, page 59, 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. The applicant states:

“the proposed project involves the relocation of three existing multispecialty GI endoscopy rooms from WASC to Wilmington Health Silver Stream. ... although the three existing multispecialty GI endoscopy rooms are licensed to WASC, these rooms are being utilized to perform surgical procedures across a number of specialties including general surgery, orthopedics, urology, and podiatry, but are not being used to perform any GI endoscopy procedures. ... Upon completion of the proposed project, Wilmington Health will shift all GI endoscopy cases to the proposed separately licensed ASF at Wilmington Health Silver Stream and will no longer perform GI endoscopy procedures at Wilmington Health on Medical Center Drive. In addition, the vacated spaces at WASC will be converted into three procedure rooms and will continue to be utilized to perform outpatient surgical procedures across various specialties, as appropriate. Therefore, while the proposed project will eliminate licensed multispecialty GI endoscopy rooms at WASC, GI endoscopy services have never been provided at WASC, and Wilmington Health patients will continue to be able to access the outpatient surgical services at WASC following the completion of the proposed project.”

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

- The multispecialty GI endoscopy procedure rooms proposed to be relocated have not performed GI endoscopy procedures.
- The applicant is not proposing to reduce any services at the current location, and will continue to serve patients in need of multispecialty surgical services following relocation of the GI endoscopy procedure rooms.
- GI endoscopy services at WH on Medical Center Drive will be performed in a proposed state of the art facility.

Access to Medically Underserved Groups

In Section D, page 60, the applicant states:

“Wilmington Health believes the proposed project will enhance patient access to freestanding GI endoscopy services, including for historically medically underserved populations. ... Wilmington Health has long-promoted economic access to its

services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, handicap, or ability to pay.”

The applicant adequately demonstrates that the needs of medically underserved groups that have used GI endoscopy services at WH on Medical Center Drive will continue to be adequately met following completion of the project because services will still be accessible to the same population at the new location.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the 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 develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

In Section E, pages 63-64, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo – The applicant states that maintaining the status quo would not effectively serve its patients in need of GI endoscopy procedures because the procedures would still be performed in unlicensed procedure rooms on the second floor of WASC, which is not easily accessible for many patients. Additionally, there is no additional space at WASC for expansion. Therefore, the applicant determined this is not an effective alternative.

- Relocate the multispecialty GI endoscopy procedure rooms to a different location – The applicant states that this alternative was dismissed as a more costly option due to costs associated with acquiring land and constructing a new facility. Therefore, the applicant determined this is not an effective alternative.
- Develop a different number of new GI endoscopy procedure rooms – The applicant states that although utilization of its existing GI endoscopy procedure rooms has been in excess of the 1,500 procedures per room required by 10A NCAC 14C .3903(b), it determined that the most cost-effective alternative to meet the growing need for GI endoscopy services in the service area is to relocate the number of rooms proposed in this application.

On page 64, the applicant states that its proposal is the most effective alternative because upfitting space within a medical office building would provide a less expensive option to patients than new construction.

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 applicant's proposal will provide a more cost-effective and efficient setting for GI endoscopy services.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. Wilmington Health, PLLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop a gastrointestinal endoscopy ambulatory surgical facility (ASF), Wilmington Health on Silver Stream Lane, by adding no more than one new gastrointestinal endoscopy room and relocating no more than three existing multispecialty gastrointestinal endoscopy rooms from Wilmington Ambulatory Surgery Center.**

3. **Upon project completion, Wilmington Health on Silver Stream Lane shall be licensed for no more than four GI endoscopy rooms, including three multispecialty endoscopy 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. **The first progress report shall be due on September 1, 2023.**
5. **The certificate holder shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Sections F and Q of the application and that would otherwise require a certificate of need.**
6. **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.**
7. **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.**
8. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

Capital and Working Capital Costs

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

Site Costs	\$66,688
Construction Costs	\$3,391,829
Miscellaneous Costs	\$2,372,450
Total	\$5,830,967

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

- Site preparation costs, construction costs and project architect fees are based on the experience of the project architect with similar projects.
- Medical and non-medical equipment costs are based on vendor estimates and the applicant's experience with similar projects.

In Section F, page 67, the applicant projects that start-up costs will be \$287,429 and initial operating costs will be \$330,963 for a total working capital cost of \$618,392. On page 68, the applicant provides 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 because it is based on the applicant's experience with similar projects.

Availability of Funds

In Section F, page 65, the applicant states that the capital cost will be funded as shown in the table below:

Sources of Capital Cost Financing

Wilmington Health, PLLC*	Amount
Loans	\$5,830,967
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$0
Lines of credit	\$0
Bonds	\$0
Total	\$5,830,967

In Section F, page 65 the applicant identifies the source of capital cost financing as "Wilmington Health". The project analyst determined that the applicant uses this interchangeably for Wilmington Health, PLLC.

In Section F, page 62, the applicant states that the working capital needs of the project will be funded as shown in the table below:

Sources of Financing for Working Capital

Wilmington Health, PLLC	Amount
Loans	\$601,927
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$0
Lines of credit	\$0
Bonds	\$0
Total	\$601,927

In the Exhibit binder, page 34, the applicant provides a letter dated November 7, 2022, from the Senior Vice President of Southern Bank, confirming the bank's intent to consider financing the total project cost through a loan in the amount of \$6 million for the capital cost and up to \$1 million for the working capital costs of the project. The letter includes the proposed terms of the loan and an amortization schedule. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years (CY 2026-2028) following completion of the project, as shown in the table below.

	1 ST FULL FY CY 2026	2 ND FULL FY CY 2027	3 RD FULL FY CY 2028
Total Procedures	6,955	7,188	7,428
Total Gross Revenues (Charges)	\$13,212,125	\$14,063,639	\$14,970,033
Total Net Revenue	\$5,300,083	\$5,641,671	\$6,005,274
Average Net Revenue per Procedure	\$762	\$785	\$808
Total Operating Expenses (Costs)	\$3,972,019	\$4,099,224	\$4,232,603
Average Operating Expense per Procedure	\$571	\$570	\$570
Net Income	\$1,328,064	\$1,542,447	\$1,772,671

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:

- Payor mix, used to calculate gross revenue, is based on the applicant's historical experience in operating WH Medical Center Drive.
- Percentages for contractual allowances by payor are based on the applicant's experience operating WH Medical Center Drive.
- All assumptions are based on FY 2021 experience operating WH Medical Center Drive.
- 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 that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

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

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

N.C. Gen. Stat. §131E-176(24a) states, "Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility." The 2022 SMFP does not define the service area for

GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “...the county where the proposed GI endoscopy room will be developed.” The facility will be developed in New Hanover County. Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

The 2022 SMFP shows there are 17 existing GI endoscopy rooms in five licensed facilities in New Hanover County, as shown below:

NEW HANOVER COUNTY GI ENDOSCOPY SERVICES			
EXISTING FACILITIES	# OF ENDOSCOPY ROOMS	# OF ENDOSCOPY CASES	# OF ENDOSCOPY PROCEDURES
Wilmington ASC*	0	0	0
Endoscopy Center NHRMC Physician Group	3	4,917	5,710
New Hanover Regional Medical Center	4	7,631	8,530
Wilmington Gastroenterology	4	9,928	11,386
Wilmington Health*	3	3,698	4,008
Wilmington SurgCare	3	0	0
Total	17	26,174	29,634

Source: Table 6F: Endoscopy Room Inventory (page 92 of the 2022 SMFP)

*Wilmington ASC was approved in Project ID #O-11441-17 to develop an ASC with three GI endoscopy rooms relocated from Wilmington Health

In Section G, page 74, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved GI endoscopy services in New Hanover County. The applicant states:

“... utilization of [Wilmington Health’s] existing GI endoscopy services has grown well beyond pre-pandemic levels....

Further, ... the four existing facilities in the service area in which GI endoscopies have been performed in the last year all exceeded the 1,500 procedures per room threshold. As such, the proposed relocation of three existing multispecialty GI endoscopy rooms and development of one new GI endoscopy room at Wilmington Heath Silver Stream will not result in unnecessary duplication of the existing or approved health service facilities in New Hanover County.”

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

- The applicant proposes to relocate three existing multispecialty GI endoscopy rooms within the same city.

- The applicant adequately demonstrates that the proposed additional GI endoscopy room is needed in addition to the existing or approved GI endoscopy rooms in the service area.

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the proposed GI endoscopy services, as illustrated in the following table:

Wilmington Health Silver Stream Projected FTE Staff

Position	1 st Full FY	2 nd Full FY	3 rd Full FY
Registered Nurse	10.0	10.0	10.0
Certified Medical Assistant	2.0	2.0	2.0
Surgical Technician	3.6	3.6	3.6
Instrument Technician	3.0	3.0	3.0
Clinical Coordinator	1.0	1.0	1.0
Medical Records	2.8	2.8	2.8
Manager	0.5	0.5	0.5
Total	22.9	22.9	22.9

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 76-77, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant currently offers GI endoscopy services in its existing Wilmington facility and projects that existing staff will relocate to the new facility once the GI endoscopy rooms are relocated.
- The applicant partners with several clinical training programs in the area colleges and universities and projects that upcoming vacancies will be filled with graduates from, those programs.
- The applicant states all clinical staff are required to attend continuing education programs to ensure continued competency.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

Ancillary and Support Services

In Section I, page 78, the applicant identifies the necessary ancillary and support services for the proposed services, 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 following relocation of the GI endoscopy rooms as proposed in this application.

Coordination

In Section I, page 79, the applicant describes its existing and proposed 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 applicant's established relationships with local health care and social service providers in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

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

C

The applicant proposes develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

In Section K, page 82, the applicant states that the project involves renovating 11,130 square feet of existing space on the first floor of Wilmington Health Silver Stream, adjacent to but separate from the existing physician practice. Line drawings are provided in Exhibit C.1-2. In Section K, page 84, the applicant states the existing physician practice is already appropriately zoned for the proposed GI endoscopy room relocation.

In Section K, 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 demonstrates cost containment by developing the GI endoscopy ASF in an existing medical office building, thereby avoiding new construction and associated costs.
- The applicant states that, given the age of the existing building on Medical Center Drive, the proposal to renovate space at Wilmington Health Silver Stream will save time and additional costs associated with upfitting unlicensed procedure rooms at the Medical Center Drive location.

On page 83, 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 applicant presents upfit costs to the Silver Stream location as the most cost-effective alternative.
- The applicant states relocating its existing multispecialty GI endoscopy rooms to a separately licensed ASF will help to maintain a lower-cost freestanding facility payment system, thus reducing costs to its patients.

On page 83, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit F.1.

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 87, the applicant provides the historical payor mix during calendar year (CY) 2021 for the GI endoscopy services performed at WASC, the facility from which the three multispecialty GI endoscopy rooms will be relocated, as shown in the following table:

WILMINGTON HEALTH ON MEDICAL CENTER DRIVE HISTORICAL PAYOR MIX 01/01/2021-12/31/2021	
PAYOR CATEGORY	GI ENDO SERVICES AS PERCENT OF TOTAL
Self-Pay	0.8%
Medicare*	37.5%
Medicaid*	0.1%
Insurance*	56.8%
Other	4.8%
Total	100.0%

*Including any managed care plans.

On page 87, the applicant states Wilmington Health internal data does not include the category "Charity Care" as a payor source for its patients, and states all patients in all payor groups can and do receive charity care. The applicant states Workers Compensation and TRICARE payor sources are included in "Other".

In Section L, page 88, the applicant provides the following comparison.

Wilmington Health on Medical Center Drive	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	55.5%	52.3%
Male	44.5%	47.7%
Unknown	0.0%	0.0%
64 and Younger	49.7%	81.1%
65 and Older	40.3%	18.9%
American Indian	0.1%	0.6%
Asian	0.9%	1.5%
Black or African-American	10.7%	13.1%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	71.9%	82.3%
Other Race	0.1%	2.4%
Declined / Unavailable	16.3%	0.0%

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 applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 89, the applicant states that the facility is not obligated to provide uncompensated care, community service or access by minorities and persons with disabilities.

In Section L, page 89, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or any affiliated entities.

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 applicant projects 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.

WILMINGTON HEALTH SILVER STREAM PROJECTED PAYOR MIX 3 RD FULL FY, CY 2028	
PAYOR CATEGORY	GI ENDO PATIENTS AS PERCENT OF TOTAL
Self-Pay	0.8%
Medicare*	37.5%
Medicaid*	0.1%
Insurance*	56.8%
Other	4.8%
Total	100.0%

*Including any managed care plans.

On page 90, the applicant states Wilmington Health internal data does not include the category "Charity Care" as a payor source for its patients and states all patients in all payor groups can and do receive charity care. The applicant states Workers Compensation and TRICARE payor sources are included in "Other".

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.8% of total services will be provided to self-pay patients, 37.5% to Medicare patients and 0.1% to Medicaid patients.

On page 89 the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the payor mix for existing GI endoscopy services currently provided to its patients in Wilmington Health on Medical Center Drive.

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 develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

In Section M, page 93, the applicant describes the extent to which health professional training programs in the area currently have access to Wilmington Health on Medical Center Drive and will continue to have access to Wilmington Health Silver Stream for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes because the applicant currently provides

training opportunities for health professionals in the area and will continue to have those same agreements in place following the proposed relocation of three multispecialty GI endoscopy rooms.

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 develop a new ASF by developing one new GI procedure room and relocating no more than three existing multispecialty GI endoscopy rooms from WASC for a total of no more than four GI endoscopy rooms at Wilmington Health Silver Stream and three unlicensed procedure rooms at WASC.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2022 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “*...the county where the proposed GI endoscopy room will be developed.*” The facility will be developed in New Hanover County. Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

The 2022 SMFP shows there are 17 existing GI endoscopy rooms in five licensed facilities in New Hanover County, as shown below:

NEW HANOVER COUNTY GI ENDOSCOPY SERVICES			
EXISTING FACILITIES	# OF ENDOSCOPY ROOMS	# OF ENDOSCOPY CASES	# OF ENDOSCOPY PROCEDURES
Wilmington ASC*	0	0	0
Endoscopy Center NHRMC Physician Group	3	4,917	5,710
New Hanover Regional Medical Center	4	7,631	8,530
Wilmington Gastroenterology	4	9,928	11,386
Wilmington Health*	3	3,698	4,008
Wilmington SurgCare	3	0	0
Total	17	26,174	29,634

Source: Table 6F: Endoscopy Room Inventory (page 92 of the 2022 SMFP)

*Wilmington ASC was approved in Project ID #O-11441-17 to develop an ASC with three GI endoscopy rooms relocated from Wilmington Health

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

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to freestanding GI endoscopy services in New Hanover County.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 94-95, the applicant states:

“Wilmington Health has demonstrated a commitment to providing high quality, low cost healthcare to all of its patients, in particular through its Accountable Care Organization (ACO) participation. ... The ACO continues to track metrics – including 33 quality metrics required by CMS, cost and utilization metrics for the attributed patients, and sites of service utilization – in order to better understand cost differences in the community.

...

...the co-location of the proposed project with the existing physician practice will allow for patients to conveniently receive all of their care in one place, minimizing the physical and fiscal burden of travel for treatment that patients may experience.”

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:

“Wilmington Health is known for providing high quality services and expects the proposed project to provide patients significant benefits in terms of safety/quality,

access, and value through expanded service capacity while bolstering its high quality standard of care.”

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 97, the applicant states:

“The proposed project will enhance access to GI endoscopy services in the service area, including to historically medically underserved groups. Wilmington Health has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, handicap, or ability to pay as stated in Wilmington Health’s Language and Communication Assistance Policy... .”

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

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

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

Conclusion

The Agency reviewed the:

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

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

- (19) Repealed effective July 1, 1987.

- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section Q, Form O, the applicant identifies the ambulatory surgical facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one of this type of facility located in North Carolina.

In Section O, page 100, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to immediate jeopardy occurred in the facility. According to the files in the Acute Care 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 had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute Care and Home Care Licensure and Certification Section and considering the quality of care provided at all five facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The application is conforming with all applicable Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms in Licensed Health Service Facilities. The specific criteria are discussed below.

SECTION .3900 – CRITERIA AND STANDARDS FOR GASTROINTESTINAL ENDOSCOPY PROCEDURE ROOMS IN LICENSED HEALTH SERVICE FACILITIES

.3903 PERFORMANCE STANDARDS

An applicant proposing to develop a new GI endoscopy room in a licensed health service facility shall:

- (1) *identify the proposed service area;*

-C- The facility will be developed in New Hanover County.

- (2) *identify all existing and approved GI endoscopy rooms owned or operated by the applicant or a related entity located in the proposed service area;*
- C- In Section C, page 54, the applicant states Wilmington Health operates three existing multispecialty GI endoscopy rooms in New Hanover County.
- (3) *provide projected utilization for each of the first three full fiscal years of operation following completion of the project for all GI endoscopy rooms identified in Item (2) of this Rule;*
- C- In Section Q, Form C.3b, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project for all of its GI endoscopy rooms.
- (4) *project to perform an average of at least 1,500 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the project in the GI endoscopy rooms identified in Item (2) of this Rule; and*
- C- In Section Q, Form C.3b, the applicant projects to perform an average of 1,857 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the project.
- (5) *provide the assumptions and methodology used to project the utilization required by this Rule.*
- C- In Section Q, “*Form, C Utilization -Assumptions and Methodology*” the applicant provides the assumptions and methodology used to project GI endoscopy procedures at its existing and proposed facilities. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.