

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: May 29, 2024

Findings Date: May 29, 2024

Project Analyst: Tanya M. Saporito

Co-Signer: Michael J. McKillip

Project ID #: B-12473-24

Facility: Valleygate Dental Surgery Center - Mountain

FID #: 240125

County: Buncombe

Applicant(s): Valleygate Dental Surgery Center of the West, LLC

Project: Develop a new ASF by relocating no more than one OR from Valleygate Dental Surgery Center of the Triad

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.

NA

Valleygate Dental Surgery Center of the West, LLC, (hereinafter referred to as “the applicant” or “Valleygate”) proposes to develop a new ambulatory surgical facility (ASF) by relocating no more than one operating room (OR) from Valleygate Dental Surgery Center of the Triad (“VDSC Triad”). The new facility, Valleygate Dental Surgery Center - Mountain (“VDSC Mountain”), will have a total of one operating room and one procedure room upon project completion.

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 2024 State Medical Facilities Plan (SMFP). Additionally, there are no policies in the 2024 SMFP applicable to this review. Therefore, Criterion (1) is not applicable this review.

- (2) Repealed effective July 1, 1987.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

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

Effective March 1, 2017, the applicant was awarded a certificate of need to develop a dental and oral ASF, Valleygate Dental Surgery Center of the Triad, with two operating rooms in Greensboro, in Region 4, pursuant to the 2016 SMFP Dental Single Specialty Ambulatory Surgical Facility Demonstration Project (Project G-11203-16). The demonstration project allowed the certificate holder to develop specialized dental OR facilities in different regions across the state to avoid a concentration of dental ORs in one service area. That project is complete, and the applicant has operated the facility since August 1, 2018. In this application, the applicant proposes to relocate one existing Dental Single Specialty Ambulatory Surgical Facility OR from VDSC Triad to a new ASF in Buncombe County, still in Region 4. The 2016 SMFP indicates Region 4 consists of counties in Health Service Area (HSA) I and II, which includes both Guilford and Buncombe counties.

In Section C, page 30, the applicant states that the proposal involves the development of a new ASF, therefore, there is no historical patient origin to report. The applicant proposes to relocate one operating room from VDSC Triad to VDSC - Mountain. On page 31 the applicant provides historical patient origin for calendar year (CY) 2023 for VDSC Triad, as shown in the following table:

VDSC TRIAD HISTORICAL PATIENT ORIGIN CY 2023		
COUNTY	# OF PATIENTS	% OF TOTAL
Guilford	614	27.5%
Randolph	277	12.4%
Forsyth	265	11.9%
Davidson	223	10.0%
Surry	215	9.6%
Alamance	181	8.1%
Rockingham	144	6.5%
Stokes	59	2.6%
Wilkes	45	2.0%
Yadkin	26	1.2%
Alexander	22	1.0%
Davie	19	0.9%
Caswell	15	0.7%
Catawba	14	0.6%
Alleghany	13	0.6%
Ashe	7	0.3%
Other	177	4.2%
Total	2,316	100.0%

On page 32 the applicant provides projected patient origin for the proposed relocated OR at VDSC-Mountain for the first three project years (PY), CYS 2027-2029, as shown in the following table:

VDSC-MOUNTAIN PROJECTED PATIENT ORIGIN - OR						
COUNTY	CY 2027		CY 2028		CY 2029	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Buncombe	237	29.6%	237	29.5%	237	29.5%
Burke	87	10.9%	87	10.8%	88	10.9%
Catawba	15	1.9%	15	1.9%	16	2.0%
Cherokee	9	1.1%	9	1.1%	9	1.1%
Clay	9	1.1%	9	1.1%	9	1.1%
Cleveland	10	0.4%	10	1.2%	10	1.2%
Graham	3	6.9%	3	0.4%	3	0.4%
Haywood	56	12.7%	56	6.9%	55	6.9%
Henderson	102	4.8%	102	12.7%	105	13.0%
Jackson	39	3.8%	39	4.9%	38	4.7%
Macon	31	2.5%	31	3.9%	32	3.9%
Madison	20	5.1%	20	2.5%	20	2.5%
McDowell	41	1.7%	41	5.1%	40	5.0%
Mitchell	13	1.7%	13	1.7%	13	1.6%
Polk	13	7.2%	13	1.7%	13	1.6%
Rutherford	58	1.9%	58	7.2%	57	7.1%
Swain	15	3.5%	15	1.9%	14	1.8%
Transylvania	28	2.0%	28	3.5%	27	3.4%
Yancey	16	2.2%	17	2.1%	17	2.1%
Total	803	100.0%	803	100.0%	803	100.0%

On page 33 the applicant provides projected patient origin for the proposed procedure room at VDSC-Mountain for the first three project years (PY), CY 2027-2029, as shown in the following table:

VDSC-MOUNTAIN PROJECTED PATIENT ORIGIN – PROCEDURE ROOM						
COUNTY	CY 2027		CY 2028		CY 2029	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Buncombe	58	18.9%	117	22.1%	146	22.9%
Burke	21	6.9%	43	8.1%	54	8.4%
Catawba	4	1.2%	7	1.4%	10	1.5%
Cherokee	2	0.7%	4	0.8%	5	0.8%
Clay	2	0.7%	4	0.8%	6	0.9%
Cleveland	2	0.4%	5	1.2%	6	1.0%
Graham	1	0.8%	2	0.9%	2	0.3%
Haywood	14	0.2%	27	0.3%	34	5.3%
Henderson	25	4.4%	50	5.2%	64	10.1%
Jackson	9	8.1%	19	9.5%	23	3.6%
Macon	8	3.1%	15	3.6%	19	3.1%
Madison	5	2.5%	10	1.9%	12	2.0%
McDowell	10	1.6%	20	3.8%	25	3.9%
Mitchell	3	3.3%	7	1.2%	8	1.3%
Polk	3	1.1%	7	1.2%	8	1.3%
Rutherford	14	1.1%	28	5.4%	35	5.5%
Swain	4	1.2%	8	1.4%	9	1.4%
Transylvania	7	2.2%	14	2.6%	17	2.6%
Yancey	4	1.3%	8	1.5%	11	1.7%
Other	111	36.2%	133	25.2%	144	22.6%
Total	307	100.0%	528	100.0%	639	100.0%

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because it is based on the historical population of dental surgical patients historically served at VDSC Triad.

Analysis of Need

In Section C, pages 36-53, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Geography and demographics of the original Demonstration Project Region 4 present access issues for patients and block scheduling issues for dentists. Additionally, the applicants state approximately 28.6% of the residents of most of the counties in Region 4 are Medicaid eligible and thus in need of lower cost access to pediatric dental surgical services which are currently unavailable. (pages 36-41)

- The applicant provides data from The Healthcare Cost and Utilization Project (HCUP) that shows approximately 95% of the dental related emergency room visits in the catchment area were treated and released. The applicant states these cases could have been better served in an outpatient dental surgical center. The same issues exist in the pediatric and adult Medicaid population. (pages 42-43)
- Dental professional shortages are prevalent in the catchment area, particularly in dental professionals who accept Medicaid. Block times for dental surgical cases, particularly for Medicaid recipients, result in significant wait times, which increases the incidence of dental disease that could be effectively treated at an outpatient facility. (pages 43-46)
- The proposed project will provide an alternative to the barriers to effective dental treatment presented in hospitals, particularly for children. (pages 46-50)
- Advantages of dental treatment in an ambulatory surgical facility, including need for consistent OR access, need for predictability and the need for a licensed, regulated environment for dental surgery cases performed under sedation or general anesthesia (pages 50-52)
- The need for specialized dental equipment and the costs of dental surgery. (page 53)

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

The applicant is proposing to develop a new ASF by relocating one operating room from the existing VDSC Triad. The proposal will provide a cost-effective alternative that will meet the clinical need for pediatric dental surgery, address the lack of access to dental services by the underserved, and improve capacity to treat both pediatric and adult dental patients with immediate dental needs who are unable to be effectively treated in existing ORs in the catchment area.

Projected Utilization

In Section Q, pages 119-120, the applicant provides projected utilization, as illustrated in the following table:

VDSC-MOUNTAIN Projected Utilization			
	1ST Full FY CY 2027	2ND Full FY CY 2028	3RD Full FY CY 2029
Operating Rooms			
Total # ORs	1	1	1
Outpatient Surgical Cases	803	803	803
Outpatient Surgical Case Time	1.6	1.6	1.6
Outpatient Surgical Hours	1,290	1,290	1,290
Group Assignment	6	6	6
Standard Hours	1,312	1,312	1,312
Total Surgical Hours per Standard Hours/OR per Year	1.0	1.0	1.0
Procedure Rooms			
Number of Procedure Rooms	1	1	1
Total Number of Procedures	307	528	639

In Section Q, pages 146-165, the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

Step 1: Estimate population of residents under the age of 19 in the catchment area

The applicant relied on data from the North Carolina Medicaid Division of Health Benefits (NCDMA) to estimate the population of all residents in the catchment area who are under the age of 19 through 2029, the third project year. See the table on page 126 that illustrates these projections.

Step 2: Estimate the dental surgery use rate

The applicant states there are no good quantitative epidemiological estimates of need for outpatient dental surgery; therefore, the applicant examined Valleygate license renewal applications (LRAs) to determine cases by county for 2022 and 2023 and calculated a use rate which it states is more stable and thus reliable than previous years due to the COVID-19 pandemic. The applicant then adjusted the historical use rate according to actual utilization by facility and calculated an estimated need rate for 2023 based on the historical data. See the tables on pages 127-128 that illustrate this data.

Step 3: Estimate dental surgery cases needed by county

The applicant applied the dental surgery need rate from *Step 2* to the projected population of people aged 0-20 from *Step 1* to determine the number of dental surgical cases needed by county in the catchment area through the third project year, CY 2029. The applicant held the need rate constant through all project years. See the table on page 129 that illustrates the estimated dental surgical cases needed by county.

Step 4: Estimate need served by existing providers

The applicant states that some hospitals and surgery centers in the area no longer provide block surgical time to dentists, which means dentists have virtually no access because the cases are too complex to schedule on short notice. The applicant refers to letters provided by dentists in Exhibit I.2 that confirm the lack of access in the catchment area to dental surgical services.

Step 5: Estimate the market share of need in the first three project years

The applicant assumes a slow start-up due in part to a delay in Medicaid certification, social determinants, cancellations and fear of dental care. The applicant does not project that it will serve 100% of the projected need, but projects that by the third project year, CY 2029, 65% of the total cases in the catchment area could be served by VDSC-Mountain.

Step 6: Calculate VDSC-Mountain total cases from the catchment area by calendar year

The applicant combines the data from *Steps 1-5* to calculate market share of total cases in the catchment area by county that will be served by VDSC-Mountain. The applicant uses weighting factors determined in part by distance of catchment area counties from Buncombe County, and by those counties with few dental surgical options, particularly for Medicaid recipients. See the tables on pages 131-132 that illustrates the weighting factors and the market share projections by county in the catchment area.

Step 7: Estimate total cases, including cases associated with residents from outside the catchment area

Based on historical utilization of existing VDSC facilities, the applicant states 10% of total annual cases to be served at VDSC-Mountain will be performed on residents from counties outside the catchment area. The applicant calculates total surgical cases by the third project year by dividing the annual catchment area cases from *Step 6* by 0.9 (1 minus in-migration of 10%). See the table on page 133 that illustrates the calculations.

Step 8: Estimate surgical hours needed at VDSC-Mountain by CYs 2026-2029

The applicant states the average VDSC Triad average case time in FY 2023 was 108 minutes, or 1.8 hours. To project the number of surgical hours needed at VDSC-Mountain, the applicant multiplied the number of cases from *Step 7* by 1.8 hours per case. See the table on page 133 that illustrates the calculations. The applicant assumes case times will parallel VDSC Triad and will remain constant through CY 2029, the third project year.

Step 9: Allocate cases between ORs and procedure rooms at VDSC-Mountain

The applicant states it will schedule cases 247 days per year, eight hours per day. Thus, the formula for calculating one OR capacity is: days per year x OR hours per day / case time [$247 * 6.5 / 1.8 = 892$ cases per OR]. The applicant plans for an *efficiency factor* of 90%, assuming that not all cases run smoothly; therefore, the number of OR cases calculated is reduced to 803 in the project years of CYs 2027-2029. For the partial interim year, the maximum is assumed to be 25% of 803, or 201. See the table on page 134 that illustrates the calculations.

Step 10: Calculate OR and procedure room cases by catchment area by county for PYs 2026-2029

To calculate patient origin in the operating and procedure rooms by county, the Applicant assumes that patients distribute in proportion to the cases served by county and year.

First, the Applicant calculates the percent of catchment area cases that occur in the operating room. It assumes that all in-migration cases occur in the procedure room. The applicant provides tables on pages 135 that illustrate out of catchment area cases and cases inside the catchment area for PYs 2026-2029. The following table, from page 136, illustrates the applicant’s projections:

COUNTY	CY 2026	CY 2027	CY 2028	CY 2029
Buncombe	37	237	237	237
Burke	14	87	87	88
Catawba	2	15	15	16
Cherokee	1	9	9	9
Clay	1	9	9	9
Cleveland	2	10	10	10
Graham	0	3	3	3
Haywood	9	56	56	55
Henderson	16	102	102	105
Jackson	6	39	39	38
Macon	5	31	31	32
Madison	3	20	20	20
McDowell	6	41	41	40
Mitchell	2	13	13	13
Polk	2	13	13	13
Rutherford	9	58	58	57
Swain	2	15	15	14
Transylvania	4	28	28	27
Yancey	3	16	17	17
Total Catchment Area	125	803	803	803
Out of Area	14	0	0	0
Total Cases	139	803	803	803

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

- The applicant’s projections of total dental surgical cases performed at the proposed VDSC-Mountain are supported by the historical growth rates of dental surgical cases performed in the catchment area and historical utilization.
- The applicant adequately demonstrates the need to expand access to pediatric dental services in the catchment area.

Access to Medically Underserved Groups

In Section C, page 59, the applicant states:

“Valleygate DSCs accept patients regardless of gender, gender preference, race ethnicity, age, or income, they can and do also serve people who have disabilities. ... Collectively, 13.5 percent of the population in the 19 catchment area counties live below the poverty line.... Services will respond to the needs of the population to be served. Business policies will provide access to care for low-income persons who may need charity, and/or may have health insurance but are concerned about covering deductible and copayment costs.”

In Section C, page 61 the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	PERCENTAGE OF TOTAL PATIENTS
Low-income persons	85.40%
Racial and ethnic minorities*	--
Women	47.00%
Persons with Disabilities	100.00%
Persons 65 and older	0.10%
Medicare beneficiaries	0.17%
Medicaid recipients	82.80%

*On page 61 the applicant states it does not have good data on the racial composition of its patients and assumes the patients who utilize the services will likely have the same profile as the catchment area.

In Section C, pages 59-61, 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
- Information publicly available during the review and used by the Agency

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons,

racial and ethnic minorities, women, persons with disabilities, and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

In Section D, pages 66-70, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following project completion.

The applicant proposes to relocate one operating room from VDSC Triad, which will reduce the number of ORs at that facility from two to one. The applicant states that all of the rooms at VGSC of the Triad are identical in design and staffing; therefore, surgical procedures of any type suitable for a dental ASF can be performed in any of the rooms. All procedures are performed in either the operating room or procedure room based on availability, not room licensure designation. On pages 81-82, the applicant states:

“Upon licensure of VDSC Mountain in or around early 2026, VDSC of the Triad will reduce its operating room inventory from two to one and increase its procedure room inventory from two to three. This change is only a license designation change. VDSC will not reduce any services, staff, or medical equipment as a result of this change.”

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

- Although the applicant is proposing to reduce the number of operating rooms, the applicant’s proposal includes increasing the number of procedure rooms.
- The applicant’s proposal will not result in an interruption to services because all of the facility’s rooms can accommodate any procedure type, and the applicant confirms all procedures will continue to be performed as appropriate.

In Section Q, Form D.3, page 122, the applicant provides projected utilization for VDSC Triad, as illustrated in the following table:

VDSC TRIAD PROJECTED UTILIZATION					
	INTERIM FULL FY CY 2024	INTERIM FULL FY CY 2025	INTERIM PARTIAL FY 1/1/26- 09/30/2026	PARTIAL FY 10/01/2026 - 12/31/2026	1 ST FULL FY CY 2027
Operating Rooms					
Total # ORs	2	2	2	1	1
Outpatient Surgical Cases	1,661	659	495	380	803
Outpatient Surgical Case Time	1.6	1.6	1.6	1.6	1.6
Outpatient Surgical Hours	1,668.7	2,668.7	2,001.5	322.4	1,298.8
Group Assignment	6.0	6.0	6.0	6.0	6.0
Standard Hours per OR per Year	1,312.0	1,312.0	984.0	328.0	1,312.0
Total Surgical Hours/Standard Hours Per OR per Year	2.0	2.0	2.0	1.0	1.0
Procedure Rooms					
Number of Procedure Rooms	1.0	1.0	2.0	2.0	2.0
Total Number of Procedures	658	659	495	380	1,520

In Section D, page 66, the applicant provides the assumptions and methodology used to project utilization at VDSC Triad. The applicant states:

“Because of this purposeful design, surgical procedures of any type suitable for a dental ASF can be performed in any of the four rooms, regardless of NC Licensure designation as operating or procedure room. VDSC West schedules all surgical procedures by room availability, not by room designation.

Upon licensure of VDSC Mountain in or around late 2026, VDSC of the Triad will reduce its operating room inventory from two to one and increase its procedure room inventory from two to three. This is only a license designation change. VDSC West will not reduce any services, staff, or medical equipment as a result of this change. In fact, because all operating and procedure rooms have the same design, support, and staffing, VDSC of the Triad will continue scheduling surgical procedures as it did prior to opening the proposed new ASF.”

Projected utilization is reasonable and adequately supported by the historical utilization and projected growth at VDSC Triad.

Access to Medically Underserved Groups

In Section D, page 67, the applicant states:

“...VDSC Triad will continue to serve all of the identified groups...in the same manner after VDSC Mountain opens.

...

Valleygate DSCs accept patients regardless of gender, gender preference, race, ethnicity, age, or income, it can and does also serve most people who have disabilities.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use surgical services will be adequately met following completion of the project because VDSC Triad is an existing facility that incorporates the existing financial assistance and non-discrimination policies of its management company, VDSC Holdings.

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.

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

In Section E, pages 72-74, 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 pediatric dentists are experiencing delays of four months or more for blocks of time, which prolongs decay and disease for the patient. Furthermore, hospitals in the area have restricted block time for dentists and pediatric dentists, and in some cases block times were cancelled, due in part to low and delayed Medicaid payments. Thus, the applicant determined the status quo is not an effective alternative to meet the need for dental surgical services.

Choose a Different Location – The applicant states that the proposed location is the most effective location to serve its patients, given the central location of Buncombe County within Region 4 of the original dental demonstration projects. Additionally, the road system around the proposed location makes the facility more easily accessible to the patients proposed to be served.

Develop More/Fewer Procedure Rooms – The applicant states that one OR and no procedure rooms would not add sufficient capacity to serve the market and, conversely, adding additional procedure rooms would add unnecessary cost to construction. Developing the facility as proposed with one relocated OR and one procedure room presents the least costly and most effective alternative to meet the patients' needs.

Renovate or Build New – The applicant considered building a new facility but states ASF design requirements are unique. Additionally, Buncombe County has limited available real estate sufficient to develop an ASF. The applicant states its developer located a property that is most conducive to constructing a cost-effective, easily accessible ASF.

Expand the Existing Facility – The applicant states expanding the existing facility will not reach many patients from HSA I, several counties of which comprise the applicant's service catchment area. Therefore, this alternative was rejected as being a less effective means of serving its patients.

Wait for the Standard Methodology to show an Operating Room Need Determination – The applicant states it could potentially be several years before the standard OR need methodology in the SMFP generates a need for an additional OR in the area and, when a need is generated, it would likely be competitive. The applicant states this is not an effective alternative to meet the needs of its dental surgical patients.

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 is the most effective alternative to meet the growing demand for dental surgical ORs and enhance accessibility to dentists and specialty providers.
- The applicant provides reliable and supported 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.

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 stated above. Therefore, the application is approved subject to the following conditions:

1. **Valleygate Dental Surgery Center of the West, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop a new ambulatory surgical facility, Valleygate Dental Surgical Center-Mountain, by relocating no more than one operating room from Valleygate Dental Surgery Center of the Triad, with one procedure room.**
3. **Upon completion of the project, Valleygate Dental Surgery Center-Mountain shall be licensed for no more than one operating room and one procedure room.**
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 November 1, 2024.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **The certificate holder shall receive accreditation from the Joint Commission for the Accreditation of Healthcare Organizations, the Accreditation Association for Ambulatory Health Care or a comparable accreditation authority within two years following licensure of the facility.**
7. **For the first three years of operation following completion of the project, the certificate holder shall not increase charges more than 5% of the charges projected in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
8. **The procedure room shall not be used for procedures that should be performed only in an operating room based on current standards of practice.**
9. **Procedures performed in the procedure rooms shall not be reported for billing purposes as having been performed in an operating room and shall not be**

reported on the facility's license renewal application as procedures performed in an operating room.

- 10. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

Capital and Working Capital Costs

In Section Q, page 137, the applicant projects the total capital cost of the project as shown in the following table:

VDSC-MOUNTAIN CAPITAL COSTS	
Construction/Renovation Contract	\$1,064,000
Miscellaneous Costs	\$1,287,469
Total	\$2,351,470

On page 138, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Exhibits F.1 and K.4, the applicant provides a detailed breakdown of the estimated costs for medical and non-medical equipment, furniture, and renovation costs.
- The other costs are based on the applicant's experience developing other ASFs.

In Section F, page 77, the applicant projects that start-up costs will be \$204,990 and initial operating expenses will be \$335,037 for a total working capital of \$540,027. In Section Q, pages 153-156, 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 based on the following:

- Start-up expenses include salaries, utilities, rental and other expenses incurred during the first few months of the first operating year of the project.
- Other working capital expenses are calculated based on monthly net cash inflow/outflow and cumulative cash flow beginning the first year of the project.

Availability of Funds

In Section F, page 75, the applicant states that the capital cost will be funded as shown in the following table:

TYPE	TOTAL
Loans	\$2,351,470
Accumulated Reserves or OE*	\$0
Bonds	\$0
Other	\$0
Total Financing	\$2,351,470

*OE=Owner's equity

In Section F, page 78, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

TYPE	TOTAL
Loans	\$540,027
Accumulated Reserves or OE*	\$0
Bonds	\$0
Other	\$0
Total Financing	\$540,027

*OE=Owner's equity

In Exhibit F.2 the applicant provides a letter dated January 25, 2024 from the Senior Vice President of First Citizen's Bank confirming their commitment to provide sufficient funding for the capital and working capital needs of the project. Exhibit F.2 also contains a February 7, 2024 letter signed by the Chief Executive Officer of Valleygate Dental Surgery Center of The West, LLC that confirms the applicant's commitment to use the funds from First Citizen's Bank for 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 for operating room and procedure room cases in each of the first three full fiscal years, CYs 2027-2029, following project completion, as shown in the following tables:

VDSC-MOUNTAIN OPERATING ROOMS	1ST FULL FY CY 2027	2ND FULL FY CY 2028	3RD FULL FY CY 2029
Total Operating Room Cases (Form C.3b)	803	803	803
Total Gross OR Revenues (Charges)	\$4,744,253	\$4,744,253	\$4,744,253
Total Net OR Revenue	\$1,714,119	\$1,714,119	\$1,714,119
Average Net Revenue per OR Case	\$2,135	\$2,135	\$2,135
Total Operating Expenses (Costs)	\$1,604,026	\$1,455,664	\$1,419,073
Average Net Operating Expenses per OR Case	\$1,998	\$1,813	\$1,767
Net Income	\$110,993	\$258,455	\$295,046

VDSC-MOUNTAIN PROCEDURE ROOMS	1ST FULL FY CY 2027	2ND FULL FY CY 2028	3RD FULL FY CY 2029
Total Procedure Room Cases (Form C.3b)	307	528	639
Total Gross PR Revenues (Charges)	\$1,814,370	\$3,120,480	\$3,776,490
Total Net PR Revenue	\$655,540	\$1,127,443	\$1,364,462
Average Net Revenue per PR Cases	\$2,135	\$2,135	\$2,135
Total Operating Expenses (Costs)	\$613,436	\$957,447	\$1,129,602
Average Net Operating Expenses per OR Case	\$1,998	\$1,813	\$1,768
Net Income	\$42,104	\$169,996	\$234,860

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q pages 150-156 of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The 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 to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

Effective March 1, 2017, the applicant was awarded a certificate of need to develop a dental and oral ASF, Valleygate Dental Surgery Center of the Triad, with two operating rooms in Greensboro, in Region 4, pursuant to the 2016 SMFP Dental Single Specialty Ambulatory Surgical Facility Demonstration Project (Project G-11203-16). The demonstration project allowed the certificate holder to develop specialized dental OR facilities in different regions across the state to avoid a concentration of dental ORs in one service area. That project is complete, and the applicant has operated the facility since August 1, 2018. In this application, the applicant proposes to relocate one existing Dental Single Specialty Ambulatory Surgical Facility OR from VDSC Triad to a new ASF in Buncombe County, still in Region 4. The 2016 SMFP indicates Region 4 consists of counties in Health Service Area (HSA) I and II, which includes both Guilford and Buncombe counties.

In Section G, page 83, the applicant states the oral surgery services provided by VDSC Triad are unique according to the conditions in the 2016 SMFP; therefore, the applicant states there are no dental/oral surgery centers in the service area that includes Buncombe, Madison, Graham and Yancy counties, each of which is proposed to be served by the applicant. The applicant also acknowledges that the 2024 SMFP indicates a surplus of ORs in the catchment area counties. The applicant consulted license renewal applications (LRAs) for hospitals and ASFs in HSA I that provided dental/oral surgery services and provides a table on page 84 that identifies the existing and approved facilities in Region 4 that have operating rooms and performed oral surgery/dental cases for FY 2020. The applicant identifies a total of 13 facilities in nine counties in HSA I.

In Section G, pages 84-85, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved operating room services in the proposed service area. The applicant states:

“In Catawba County, both hospitals appear responsive to dental surgical needs. Yet, patient origin data at Valleygate DSC facilities in Greensboro and Charlotte indicate that the hospitals are not meeting all of the Medicaid pediatric dental surgical need in Catawba County. The applicant recognizes this in its forecast of a very small market share of patients from Catawba County. The applicant made a similar adjustment in market share for Cleveland County.

... the letter from Mark Casey, DDS ... clearly indicate that in Buncombe and Jackson counties, Asheville Surgery Center and Harris Regional Hospital in Sylva have cancelled block time for pediatric dentists.” (emphasis in original)

The applicant states on page 86 that hospitals in other counties that have VDSC facilities have not been adversely affected by the presence of VDSC facilities. The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved dental/oral surgical services in the service area.

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

In Section Q, page 156, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services for each of the first full years of operation, CYs 2027-2029, as illustrated in the following table:

POSITION	VDSC-MOUNTAIN PROJECTED FTE STAFF		
	1 ST FULL FY CY 2027	2 ND FULL FY CY 2028	3 RD FULL FY CY 2029
Registered Nurses (RNs)	1.12	1.35	1.46
Surgery Control	0.37	0.45	0.49
Business Office	2.00	2.00	2.00
Anesthesiologist	1.00	1.00	1.00
TOTAL	4.50	4.80	4.95

The assumptions and methodology used to project staffing are provided in Section Q following Form H. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 88-89, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant and its parent company, Valleygate Holdings, are established employers that routinely recruit staff through traditional means and will utilize those means to recruit staff for VDSC-Mountain.
- All VDSC-Mountain staff will be required to maintain appropriate credentials and attend continuing education programs as evidence of 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 to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 91-92, 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.

Coordination

In Section I, page 92, 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 following:

- The applicant provides letters of support from area providers stating their support for the project and their interest in utilizing the proposed facility.
- The applicant states that Valleygate Holdings, the parent company, has established relationships with various agencies and will continue those relationships following project completion.

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 to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

In Section K, page 95, the applicant states that the project involves renovating 11,000 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 97-98, the applicant identifies the proposed site and provides information about the site, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.4. The site appears to be suitable for the proposed ASF based on the applicant's representations and supporting documentation.

On page 96, 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 facility will be developed on land currently available and appropriately zoned with access to water and sewer, which will reduce costs associated with developing the site.
- The ASF will be designed by Valleygate partners and architects that have experience developing other Valleygate facilities.
- The applicant plans to incorporate concepts in the design that promote efficient infection control and productivity.

On page 96, 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 states that, although the project is funded with a loan, the applicant has obtained favorable loan terms because of its relationship with the financing bank.
- The applicant states the facility is sized conservatively to support staffing efficiency, which will lower costs.

On page 97, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to develop a new facility, therefore, there is no historical payor mix to report.

In Section L, page 102, the applicant provides the following comparison:

VDSC TRIAD	PERCENTAGE OF TOTAL PATIENTS SERVED BY THE FACILITY OR CAMPUS DURING THE LAST FULL FY	PERCENTAGE OF THE POPULATION OF THE SERVICE AREA
Female	47.3%	52.6%
Male	52.7%	47.4%
Unknown	--	--
64 and Younger	99.8%	83.8%
65 and Older	0.13%	16.2%
American Indian	Not available	0.8%
Asian	Not available	5.7%
Black or African American	Not available	36.3%
Native Hawaiian or Pacific Islander	Not available	0.1%
White or Caucasian	Not available	54.4%
Other Race**	Not available	2.8%
Declined / Unavailable	--	--

*The percentages can be found online using the United States Census Bureau's QuickFacts, available at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

On page 102, the applicant states it does not collect patient data related to race / ethnicity.

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

Is Section L, page 103, 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 122, the applicant states:

“For information purposes, VDSC Triad met or exceeded all medically underserved requirements in Table 6E of the SMFP, as is demonstrated in annual reports on the file with the NC DHSR Healthcare Planning Section.”

In Section L, page 103, the applicant states the proposed facility does not yet exist. The applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against any similar facilities owned by the applicant or a related entity and located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 104, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following project completion, as shown in the following table:

VDSC-MOUNTAIN PROJECTED PAYOR MIX THIRD FULL FY, CY 2029	
PAYOR SOURCE	PERCENT OF TOTAL
Self-Pay	3.0%
Charity Care	2.6%
Medicare*	0.2%
Medicaid*	82.8%
Insurance*	10.8%
Other (Tricare, VA)	0.6%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.0% of total services will be provided to self-pay patients, 2.6% to charity care patients, 0.2% to Medicare patients and 82.8% to Medicaid patients.

On page 104, 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 based on the historical payor mix of existing Valleygate DSCs for the dental/oral surgical service component.

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 106, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

In Section M, page 107, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- Valleygate DSCs has established relationships with schools and training programs which will include the proposed VDSC-Mountain.
- The applicant provides documentation of Valleygate Holdings' existing training agreements with educational institutions in the area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to relocate one existing OR from VDSC Triad and develop a new ASF with one OR and one procedure room upon project completion.

Effective March 1, 2017, the applicant was awarded a certificate of need to develop a dental and oral ASF, Valleygate Dental Surgery Center of the Triad, with two operating rooms in Greensboro, in Region 4, pursuant to the 2016 SMFP Dental Single Specialty Ambulatory Surgical Facility Demonstration Project (Project G-11203-16). The demonstration project allowed the certificate holder to develop specialized dental OR facilities in different regions across the state to avoid a concentration of dental ORs in one service area. That project is complete, and the applicant has operated the facility since August 1, 2018. In this application, the applicant proposes to relocate one existing Dental Single Specialty Ambulatory Surgical Facility OR from VDSC Triad to a new ASF in Buncombe County, still in Region 4. The 2016 SMFP indicates Region 4 consists of counties in Health Service Area (HSA) I and II, which includes both Guilford and Buncombe counties.

In Section N, page 109 the applicant acknowledges a surplus of ORs in the catchment area counties as published in the 2024 SMFP. The applicant states that pediatric dentists in the catchment area were informed in late 2023 that surgical block time in ambulatory surgical facilities would no longer be available to them.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 109, the applicant states:

“VDSC Mountain will provide an essential alternative in the catchment area. Particularly in Buncombe and adjacent counties, pediatric dentists have no dependable licensed surgical alternative. It will promote competition in the catchment area because it will provide a new distinct geographic location close to a large population – mostly children -- in need of dental care that requires general anesthesia. The closer location and expanded capacity will improve timely provision of and convenient access to high quality, cost-effective, outpatient care for a specialized service.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 110, the applicant states:

“Because many healthcare insurance policies, including Medicare Part B, cover both hospitals and licensed surgical centers, and require coinsurance for outpatient procedures, the ambulatory surgical centers are less expensive for patients, who often pay out of pocket for the copayment and/or non-covered dental codes. This applies to self-pay patients and private pay dental policyholders, as well. For these patients, surgeries in the dental single specialty dental ambulatory surgical facility will be significantly less costly to both the payer and to the patient.”

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 111, the applicant states:

“Protocols and processes at VDSC-Mountain will match the needs of its patients better than general acute care hospital or multi-specialty ambulatory surgical facilities...Valleygate DSCs have a specific focus on dental procedures, especially for children, and therefore offer unique features to enhance quality and patient satisfaction...”

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 131, the applicant states:

“Competitive access features include cost, charity care levels, Medicaid, and military payment acceptance, and service features. ... facility fees will be lower than for the same procedure in a hospital. Valleygate Holdings has relationships with clinics that serve low income and Medicaid at risk patients, thus enhancing access. Valleygate Mountain will continue the Valleygate tradition of working with Federally Qualified Health Centers, health departments and charity clinics.”

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 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

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, page 189, 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 six of this type of facility located in North Carolina.

In Section O, page 114, the applicant states that, during the 18 months immediately preceding the submittal of the application, the Division of Health Service Regulation has not determined any situation resulting in a finding of immediate jeopardy. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all of the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

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

NA

The applicant does not propose to increase the number of operating rooms in the service area, therefore, the criteria and standards for surgical services and operating rooms do not apply.