

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 27, 2024

Findings Date: September 27, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Micheala Mitchell

Project ID #: F-12505-24

Facility: Atrium Health Harrisburg

FID #: 061205

County: Cabarrus

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus and develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room (OR), develop an additional procedure room, four observation beds, and acquire one mammography unit for a total of no more than 44 acute care beds, two ORs, two procedure rooms, four observation beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

REVIEW CRITERIA

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

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

C

The Charlotte-Mecklenburg Hospital Authority (“CMHA” or “applicant”) is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus and develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination for a total of no more than 44 acute care beds at Atrium

Health Harrisburg upon project completion. The proposal includes relocating one additional OR from Atrium Health Cabarrus, developing an additional procedure room and four observation beds, and acquire one mammography unit and an additional portable C-arm for the OR. Atrium Health Harrisburg is an outpatient campus under the same license as Atrium Health Cabarrus, offering emergency department (ED) and other outpatient (OP) services only.

The current application proposes a capital cost increase of \$147,641,216 for a total combined expenditure of \$233,463,216. The increase in the capital expenditure is due to the change in the construction and design to accommodate the additional acute care beds and other assets proposed.

Need Determination

Chapter 5 of the 2024 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional acute care beds in North Carolina by service area.

Only certain persons can be approved to develop new acute care beds in a hospital. On page 34, the 2024 SMFP states:

“A person who proposes to operate additional acute care beds in a hospital must show that the hospital will provide:

- 1. a 24-hour emergency services department; and*
- 2. inpatient medical services to both surgical and non-surgical patients; and*
- 3. if proposing a new licensed hospital, medical and surgical services on a daily basis within at least five of the following major diagnostic categories (MDC) recognized by the Centers for Medicare & Medicaid services (CMS) listed below... [listed on pages 34-35 of the 2024 SFMP].”*

The applicant does not propose to develop more acute care beds than are determined to be needed in Cabarrus County. In Section B, page 25, the applicant adequately demonstrates that it meets the requirements imposed on persons proposing to operate additional acute care beds in a hospital as outlined in Chapter 5 of the 2024 SMFP.

Policies

There are two policies in the 2024 SMFP which are applicable to this review.

Policy GEN-3: Basic Principles, on page 29 of the 2024 SMFP, states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need

applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

In Section B, pages 27-31, the applicant explains why it believes its application is consistent with Policy GEN-3. On pages 27-28 and page 31, the applicant states:

“CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry.

...

CMHA 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, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies provided in Exhibit B.20-4.

...

Further, Atrium Health Harrisburg, as a part of the larger CMHA system, benefits from significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Harrisburg to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources.”

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2024 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 for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 32-33, the applicant provides a written statement describing the project's plan to improve energy efficiency and conserve water.

Conclusion

The Agency reviewed the:

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

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in Cabarrus County and meets the requirements imposed on persons proposing to add additional acute care beds to a hospital as described in Chapter 5 of the 2024 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of acute care bed services in Cabarrus County.
 - The applicant adequately documents how the project will promote equitable access to acute care bed services in Cabarrus County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant adequately demonstrates 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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

On pages 31 and 47, the 2024 SMFP defines the service area for acute care beds and operating room services as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed and operating room service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

County	Atrium Health Harrisburg, a facility of Atrium Health Cabarrus Entire Facility Historical Patient Origin	
	Last Full FY 01/01/2023-12/31/2023	
	Patients	% of Total
Cabarrus	204,318	61.2%
Rowan	50,743	15.2%
Mecklenburg	38,179	11.4%
Stanly	19,413	5.8%
Iredell	5,124	1.5%
Other^	16,247	4.9%
Total	334,024	100.0%

Source: Section C, page 42

^Consists of 95 NC counties and other states.

Atrium Health Harrisburg, a facility of Atrium Health Cabarrus Ambulatory Surgical Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2029		CY 2030		CY 2031	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Cabarrus	2,004	49.0%	2,908	49.0%	3,164	49.0%
Mecklenburg	1,596	39.0%	2,315	39.0%	2,519	39.0%
Stanly	261	6.4%	379	6.4%	412	6.4%
Other^	229	5.6%	332	5.6%	361	5.6%
Total	4,090	100.0%	5,933	100.0%	6,456	100.0%

Source: Section C, page 44

^Consists of 95 NC counties and other states.

Atrium Health Harrisburg, a facility of Atrium Health Cabarrus Mammography Services (Outpatient) Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	CY 2029		CY 2030		CY 2031	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Cabarrus	4,574	48.1%	4,656	48.1%	4,740	48.1%
Mecklenburg	4,030	42.3%	4,102	42.3%	4,176	42.3%
Stanly	354	3.7%	360	3.7%	366	3.7%
Rowan	152	1.6%	155	1.6%	158	1.6%
Union	75	0.8%	77	0.8%	78	0.8%
Other^	331	3.5%	337	3.5%	343	3.5%
Total	9,516	100.0%	9,687	100.0%	9,861	100.0%

Source: Section C, page 44

^Consists of 95 NC counties and other states.

Atrium Health Harrisburg, a facility of Atrium Health Cabarrus Entire Facility Projected Patient Origin						
County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	CY 2029		CY 2030		CY 2031	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Cabarrus	227,320	61.2%	231,398	61.2%	235,549	61.2%
Rowan	56,456	15.2%	57,468	15.2%	58,499	15.2%
Mecklenburg	42,477	11.4%	43,239	11.4%	44,015	11.4%
Stanly	21,599	5.8%	21,986	5.8%	22,380	5.8%
Iredell	5,701	1.5%	5,803	1.5%	5,907	1.5%
Other^	18,076	4.9%	18,400	4.9%	18,730	4.9%
Total	371,629	100.0%	378,296	100.0%	385,082	100.0%

Source: Section C, page 45

^Consists of 95 NC counties and other states.

In Section C, page 43, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin of inpatient (IP) and ambulatory surgical services based on the historical patient origin of “*acuity-appropriate*” patients currently served by Atrium Health Cabarrus projected to originate from the defined service area upon project completion.
- The applicant projects patient origin of mammography services based the historical utilization of the four existing units in Cabarrus County and the applicant’s ability to navigate patients from the service area through physician network and a central scheduling system.
- The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Analysis of Need

In Section C, pages 46-56, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

Population Growth and Aging in Cabarrus County (pages 47-48)

According to data from the North Carolina Office of State Budget Management (NCOSBM), Cabarrus County was the fifth fastest growing county in North Carolina over the last ten years. Moreover, the 65 and older age group is expected to grow 3.7 percent annually from 2024 to 2030. The applicant states that growth of this population will require more access to healthcare services.

Growth and Development of Harrisburg Service Area (pages 48-52)

The applicant's projected primary and secondary service area includes ZIP codes in the Harrisburg, Charlotte, and Concord area. The applicant believes that there is a growing need for healthcare services as the Harrisburg service area continues to develop and grow. Additionally, Atrium Health Harrisburg will serve as a convenient and accessible alternative to Atrium Health Cabarrus for a segment of the service area population that are clinically appropriate for inpatient and surgical services.

2024 SMFP Acute Care Bed Methodology (page 52)

The 2024 SMFP Acute Care Bed Need Determination in Cabarrus County was generated by Atrium Health Cabarrus. The applicant states that the development of the 31 acute care beds will improve access in Cabarrus County, particularly for Harrisburg residents. The proposal will increase acute care capacity at Atrium Health Harrisburg and ensure that the facility can meet the growing demand as the patient population grows.

Need for Additional Acute Care Beds in the Harrisburg Service Area (pages 52-54)

The applicant states that the need for additional acute care beds in the Harrisburg service area is supported by the utilization of acute care services at Atrium Health Cabarrus. There are acuity appropriate patients who reside in Harrisburg and/or service area are seen at Atrium Health Harrisburg's ED and subsequently admitted to Atrium Health Cabarrus as well as Harrisburg residents who have voluntarily sought care at Atrium Health Cabarrus for inpatient and surgical services. The addition of acute care beds at Atrium Health Harrisburg will provide a more convenient location for patients residing in the service area, particularly those residing in Harrisburg.

Mitigate Capacity Constraints on the Atrium Health Cabarrus Campus (pages 54-55)

The applicant states that inpatients from the Atrium Health Harrisburg service area who have chosen care at CMHA facilities, are mostly choosing Atrium Health Cabarrus. The applicant states that redistributing capacity to Atrium Health Harrisburg will avoid capacity constraints as the demand for services at Atrium Health Cabarrus continues to grow.

Need for Other Services at Atrium Health Harrisburg (page 56)

In addition to the acute care beds, the applicant is proposing to relocate one additional operating room, develop an additional procedure room and four observation beds, and acquire a mammography unit. The applicant states that additional capacity for these services is needed as acute care capacity increases at Atrium Health Harrisburg and the service area continues to grow.

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

- There is a need determination in the 2024 SMFP for 31 acute care beds in Cabarrus County.

- The applicant relies on data from NCOSBM to demonstrate the historical growth and development in the Harrisburg service area as well as projected growth and aging of the population.
- The applicant adequately demonstrates the need to expand IP and surgical services at Atrium Health Harrisburg.

Projected Utilization

In Section Q, pages 127,131, and 134-135, the applicant provides projected utilization, as illustrated in the following table.

Atrium Health Harrisburg Projected Acute Care Bed Utilization				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	05/01/2028- 12/31/2028	CY 2026	CY 2027	CY 2028
Acute Care Beds				
# of Beds	44	44	44	44
# Discharges	826	2,022	2,933	3,191
# of Patient Days	3,065	7,501	10,881	11,840
Average Length of Stay (ALOS)	3.71	3.71	3.71	3.71
Occupancy Rate	19.1%	46.7%	67.8%	73.7%

Source: Section Q, page 127

Atrium Health Harrisburg Projected Utilization Mammography & Other Services				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2028	CY 2029	CY 2030	CY 2031
CT Scanner				
# of Units	1	1	1	1
# of Scans	9,201	10,111	10,844	11,169
# of HECTS Units	16,787	18,376	19,660	20,237
Fixed X-Ray (including fluoro) (Inpatient Portable)				
# of Units	1	1	1	1
# of Procedures	924	2,260	3,279	3,568
Mammography				
# of Units	1	1	1	1
# of Procedures	3,116	9,516	9,687	9,861
MRI Scanner				
# of Units	1	1	1	1
# of Procedures	1,209	2,233	2,719	2,872
# of Weighted Procedures	1,463	2,946	3,713	3,948
Ultrasound (Inpatient Portable)				
# of Units	1	1	1	1
# of Procedures	203	497	720	784
Other Medical Equipment (Echo Inpatient Portable)				
# of Units	1	1	1	1
# of Procedures	231	565	820	892

Source: Section Q, page 131

Atrium Health Harrisburg Projected OR Utilization				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	05/01/208- 12/31/2028	CY 2029	CY 2030	CY 2031
Operating Rooms				
Shared ORs	2	2	2	2
Total # of ORs	2	2	2	2
Adjusted Planning Inventory (1)	2	2	2	2
Surgical Cases				
# of Inpatient Surgical Cases (2)	56	137	198	216
# of Outpatient Surgical Cases (2)	335	821	1,191	1,295
Total # Surgical Cases (2)	391	957	1,389	1,511
Case Times				
Inpatient	203.6	203.6	203.6	203.6
Outpatient	119.5	119.5	119.5	119.5
Surgical Hours				
Inpatient (3)	189	464	673	732
Outpatient (4)	668	1,635	2,371	2,580
Total Surgical Hours	857	2,098	3,044	3,312
# of ORs Needed				
Group Assignment (5)	3	3	3	3
Standard Hours per OR per Year (6)	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	0.5	1.2	1.7	1.9

Section Q, page 134

- (1) Total # of ORs – Excluded ORs
- (2) Exclude C-Sections performed in Dedicated C-Section ORs
- (3) (Inpatient Cases x Inpatient Case Time in minutes)
- (4) (Outpatient Cases x Outpatient Case Time)
- (5) From Section C, Question 12(a)
- (6) From Section C, Question 12(b)

Atrium Health Harrisburg Procedure and Observation Rooms Projected Utilization				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	CY 2028	CY 2029	CY 2030	CY 2031
Observation Beds				
# of Beds	4	4	4	4
Days of Care	317	776	1,126	1,225
Other (Procedure Rooms)				
Rooms	2	2	2	2
Procedures	1,336	3,269	4,742	5,160

Source: Section Q, page 135

In Section Q, pages 138-160, the applicant provides the assumptions and methodology used to project utilization, which is summarized below. The following assumptions and methodology consist of the service components proposed in this application.

Step 1: Define Service Area

The applicant defines the service area based on historical utilization of services at Atrium Health Harrisburg. Based on CMHA internal data, 69 percent of ED visits during 2023 were from the five ZIP codes listed below.

Atrium Health Harrisburg Service Area
Service Area
Primary Service Area (PSA)
28075 (Harrisburg)
28213 (Charlotte)
28215 (Charlotte)
Secondary Service Area (SSA)
28025 (Concord)
28027 (Concord)

Source: Section Q, page 140

Acute Care Beds Utilization

Step 2: Examine Historical Acuity Appropriate Acute Care Utilization at Atrium Health Cabarrus

The applicant examined the historical utilization of Atrium Health Harrisburg's ED by patients that were subsequently admitted to Atrium Health Cabarrus and patients residing in the service area and voluntarily chose Atrium Health Cabarrus for inpatient or surgical services. To determine potential utilization of Atrium Health Harrisburg, the applicant analyzed the patient population admitted to Atrium Health Cabarrus and resided in the service area or the patient

population directly from Atrium Health Harrisburg’s ED who would be clinically appropriate for Atrium Health Harrisburg. The following table illustrates the number of acute care days provided to acuity appropriate patients described above.

Potential Acuity Appropriate Days of Care for Atrium Health Harrisburg						
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY2019- CY2023 CAGR
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	1,746	2,185	3,699	3,936	3,632	20.1%
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	2,229	2,243	2,567	2,503	2,928	7.1%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	823	852	1,005	1,124	1,181	9.5%
Total Acuity Appropriate Acute Care Days	4,798	5,280	7,271	7,563	7,741	12.7%

Source: Section Q, page 142; CMHA internal data

Step 3: Project Potential Days of Care to be Served at Atrium Health Harrisburg

To project the number of acuity appropriate days of care provided to the patient population described in *Step 2*, the applicant assumes that these patients originating from the primary and secondary service area, excluding Atrium Health Harrisburg ED admits, will increase by the lesser of the two historical Compound Annual Growth Rates (CAGR) during CY2019 to CY2023. The applicant projects that Atrium Health Cabarrus acute care days from Atrium Health Harrisburg ED admits will increase by half of the growth rate or 10.0 percent. The applicant states that its projections are conservative and reasonable considering the historical growth.

Projected Potential Acuity Appropriate Days of Care for Atrium Health Harrisburg										
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CAGR
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	3,632	3,997	4,399	4,840	5,327	5,862	6,451	7,099	7,812	10.0%
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	2,928	3,135	3,356	3,593	3,846	4,118	4,408	4,719	5,052	7.1%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	1,181	1,265	1,354	1,449	1,552	1,661	1,778	1,904	2,038	7.1%
Total Acuity Appropriate Acute Care Days	7,741	8,836	9,108	9,882	10,725	11,641	12,638	13,722	14,903	8.5%

Source: Section Q, page 143

Step 4: Determine Reasonable Shift Assumptions and Project Acute Care Days to be Served at Atrium Health Harrisburg

The applicant projects the percentage of acuity appropriate days of care to be served at Atrium Health Harrisburg, as illustrated in the table below.

Percentage of Acuity Appropriate Days of Care To be Served at Atrium Health Harrisburg	
	Percentage Served
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	90%
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	75%
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	50%

Source: Section Q, page 144

The applicant assumes that a percentage of acuity appropriate days of care provided to patients that access Atrium Heath Harrisburg and are subsequently admitted to Atrium Heath Cabarrus will remain at Atrium Heath Harrisburg. Those with clinical conditions appropriate for Atrium Heath Harrisburg and those that have chosen to seek care at Atrium Heath Harrisburg would avoid transferring their services to Atrium Health Cabarrus. The applicant assumes that a percentage of acuity appropriate days of care provided to patients residing in the primary and secondary service area that currently choose Atrium Heath Cabarrus will choose Atrium Heath Harrisburg for accessibility and convenience.

Based on the percentage of acuity appropriate days of care projected to be served at Atrium Heath Harrisburg, as stated in the table above, the applicant projects the number of patient days from CY2026 to CY 2031 to be served by Atrium Heath Harrisburg.

Acuity Appropriate Days of Care to be Served at Atrium Health Harrisburg					
	Assumed Shift	CY 2028	CY 2029	CY 2030	CY 2031
Atrium Health Cabarrus Acute Care Days from Atrium Health Harrisburg ED Admits (Any Patient Origin)	90%	5,276	5,806	6,389	7,031
Atrium Health Cabarrus Acute Care Days from Primary Service Area, Excluding ED Admits from Atrium Health Harrisburg	75%	3,088	3,306	3,539	3,789
Atrium Health Cabarrus Acute Care Days from Secondary Service Area, Excluding ED Admits from Atrium Health Harrisburg	50%	831	889	952	1,019
Total Potential Days of Care		9,195	10,001	10,881	11,840
Ramp-up		33.3%*	75.0%	100.0%	100.0%
Total Days of Care to be Served at Atrium Health Harrisburg		3,065	7,501	10,881	11,840
Average Daily Census		8.4	20.6	29.8	32.4
Number of Acute Care Beds		44	44	44	44
Occupancy Rate		19.1%	46.7%	67.8%	73.7%
Projected Discharge[^]		826	2,022	2,933	3,191

Source: Section Q, page 145

*50 percent ramp-up rate adjusted for partial year (8/12 months.)

[^]Projected discharges are calculated by dividing projected days of care by the CY 2023 average length of stay of acuity appropriate discharges that originate from Atrium Health Harrisburg ED, or 3.71.

Step 5: Project Acute Care Days to Be Served at Atrium Health Cabarrus

To project acute care utilization at Atrium Health Cabarrus, the applicant examined its historical utilization.

Atrium Health Cabarrus Historical Acute Care Utilization						
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY19-CY23 CAGR
Acute Care Days	108,174	107,346	126,417	137,388	139,559	6.6%
# Number of Acute Care Beds in Operation	427	427	427	427	427	
Average Daily Census	296	294	346	376	382	
Occupancy	69.4%	68.9%	81.1%	88.2%	89.5%	

Source: Section Q, page 146; CMHA internal data

As illustrated above, acute care days experienced a CAGR of 6.6 percent from CY2019 to CY 2023. According to NCOSBM data, the Cabarrus County population is projected to grow annually 1.8 percent from CY2024 to CY2031. To be conservative, the applicant projects the acute care days on the Atrium Health Cabarrus license and Atrium Health Cabarrus main campus, using the projected population grow rate of 1.8 percent. Projected utilization is projected to exceed the occupancy rate of 78.0 percent (Performance Standard for Acute Care Hospital Beds) during the first three project years.

Atrium Health Cabarrus (License) Projected Utilization										
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CAGR
Atrium Health Cabarrus (license)Days	139,559	142,063	144,611	147,205	149,846	152,534	155,271	158,056	160,892	1.8%
Atrium Health Cabarrus (license) Beds	427	427	427	427	514*	545	545	545	545	
Atrium Health Cabarrus (license) ADC	382.4	389.2	396.2	403.3	410.5	417.9	425.4	433.0	440.8	
Atrium Health Cabarrus (license) Occupancy Rate	89.5%	91.2%	92.8%	94.5%	79.9%	76.7%	78.1%	79.5%	80.9%	

Source: Section Q, page 147

*Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21 and 65 acute care beds approved pursuant to Project ID# F-12367-23

Project Operating Room Utilization

Step 6: Project Operating Room Utilization Based on Historical Experience of Acuity Appropriate Patients to be Served by Atrium Health Harrisburg

The applicant states that according to CMHA CY2023 internal data, patients requiring inpatient surgery comprised of 6.3 percent of acuity appropriate days of care to be served at Atrium Health Harrisburg and the average length of stay for those patients was 3.5 days. This does not include C-sections. The applicant applies this historical data to project the total inpatient surgical cases performed at Atrium Health Harrisburg. The applicant projects that Atrium Health Harrisburg will perform 216 inpatient cases by third project year.

Projected Atrium Health Harrisburg IP Surgical Cases				
	CY 2028	CY 2029	CY 2030	CY 2031
Total IP Days*	56	137	198	216

Source: Section Q, F, page 149

*Total IP Cases = (Atrium Health Harrisburg Days of Care)
 x (IP Surgery Days as a % of Total Days of Care) / (Average
 Length of Stay) based on CMHA internal data.

The applicant applied the Atrium Health Cabarrus historical ratio of outpatient to inpatient surgical cases for acuity appropriate patients from the Atrium Health Harrisburg service area to project Atrium Health Harrisburg outpatient surgical cases. In CY2023, Atrium Health Cabarrus' ratio was 6.0. The applicant projects that Atrium Health Harrisburg will perform 1,295 outpatient cases by third project year.

Projected Atrium Health Harrisburg OP Surgical Cases				
	CY 2028	CY 2029	CY 2030	CY 2031
Atrium Health Harrisburg IP Cases	56	137	198	216
Ratio of OP Cases to IP Cases	6.0	6.0	6.0	6.0
Total OP Cases	335	821	1,191	1,295

Source: Section Q, page 149

The applicant assumes that Atrium Health Harrisburg will have the same average inpatient and outpatient case times and standard hours per operating room per year as Atrium Health Cabarrus, under the 2024 SMFP Operating Room Methodology. To project Atrium Health Harrisburg surgical hours, the applicant applies Atrium Health Cabarrus' inpatient and outpatient case times. According to the 2024 SMFP, Atrium Health Cabarrus' final inpatient time was 203.6 minutes, and its final outpatient case time was 119.5 minutes.

Projected Total Surgical Hours at Atrium Health Harrisburg				
	CY 2028	CY 2029	CY 2030	CY 2031
IP Surgical Cases	56	137	198	216
OP Surgical Cases	335	821	1,191	1,295
Final IP Case Time	203.6	203.6	203.6	203.6
Final OP Case Time	119.5	119.5	119.5	119.5
Total Surgical Hours	857	2,098	3,044	3,312

Source: Section Q, page 150

To project operating room utilization at Atrium Health Harrisburg, the applicant applies the projected total surgical hours, as illustrated in the table above, and Atrium Health Cabarrus' estimated standard hours of 1,755 per operating room per year, as stated in the 2024 SMFP.

Projected Operating Room Utilization at Atrium Health Harrisburg				
	CY 2028	CY 2029	CY 2030	CY 2031
Total Surgical Hours	857	2,098	3,044	3,312
Standard Hours per OR Year	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	0.5	1.2	1.7	1.9
OR Need	1	1	2	2

Source: Section Q, page 150

Procedure Room Utilization

Step 7: Project Procedure Room Utilization Based on Atrium Health Cabarrus's Historical Ratio of Procedure Room Procedures to Operating Room Cases.

To project procedure room utilization, the applicant applied Atrium Health Cabarrus' ratio of procedure room procedures to operating room cases for Federal Fiscal Year (FFY) 2023, to the total operating room cases projected to be performed by Atrium Health Harrisburg. The applicant projects that Atrium Health Harrisburg will perform 5,160 procedure room procedures by the third year of operation, as illustrated in the table below.

Projected Procedure Room Utilization at Atrium Health Harrisburg				
	CY 2028	CY 2029	CY 2030	CY 2031
Operating Room Cases (IP and OP)	391	957	1,389	1,511
Ratio of Procedure Room Procedures to Operating Room Cases	3.41	3.41	3.41	3.41
Procedure Room Procedures	1,336	3,269	4,742	5,160

Source: Section Q, page 150

Step 8 (Step 12 in the Application): Project Utilization of Proposed Mammography Unit

As part of this project, the applicant is proposing to develop one mammography unit at Atrium Health Harrisburg dedicated to outpatient mammography screenings. The applicant examined the historical utilization of the four existing units in Cabarrus County dedicated to outpatient screening. All four units are located at Atrium Health Cabarrus Imaging (Copperfield), a CMHA facility. As illustrated below, mammography screening procedures grew 9.3 percent from CY2022 to CY2023. The applicant projects that the utilization will grow annually at the same rate as the Cabarrus County projected population growth rate of 1.8 percent.

Cabarrus County Historical CMHA Mammography Screening Utilization			
	CY 2022	CY 2023	Growth Rate
Mammography Screening Procedures	39,145	42,766	9.3%
# of Fixed Units	4	4	
Procedures per Unit	9,786	10,692	

Source: Section Q, page 158

Cabarrus County Projected CMHA Mammography Screening Procedures	
2023	42,766
2024	43,533
2025	44,314
2026	45,109
2027	45,918
2028	46,742
2029	47,581
2030	48,434
2031	49,303
2023-2031 CAGR	1.8%

Source: Section Q, page 159

The applicant assumes that Atrium Health Harrisburg will capture one-fifth or 20 percent of the mammography screening utilization because the proposed unit would be the fifth unit owned and operated by CMHA, the only mammography screening provider in Cabarrus County.

Projected Mammography Utilization at Atrium Health Harrisburg					
	CY 2028	CY 2029	CY 2030	CY 2031	Growth Rate
Projected Mammography Screening Procedure	46,742	47,581	48,434	49,303	1.8%
Harrisburg Capture (1/5 units)	7%*	20%	20%	20%	
Total Mammography Procedures at Atrium Health Harrisburg	3,116	9,516	9,687	9,861	

Source: Section Q, page 159

*Adjusted based on eight months of utilization and a 50 percent ramp-up.

Observation Room Utilization

Step 9 (Step 13 in the application) Project Observation Bed Utilization

To project observation room utilization, the applicant analyzed Atrium Health Cabarrus’ historical observation bed utilization for the acuity appropriate population to be served at Atrium Health Harrisburg. During CY2023, Atrium Health Cabarrus provided 7,643 observation days to acuity appropriate patients with a ratio of 0.10 observation days to total acute care days.

Atrium Health Cabarrus Historical Acuity Appropriate Observation Bed Utilization					
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
Total Acute Care Days	55,110	53,380	64,362	70,816	73,852
Observation Days	4,971	5,317	6,128	7,065	7,643
Ratio of Observation Days to Total Acute Care Days	0.09	0.10	0.10	0.10	0.10

Source: Section Q, page 160; CMHA internal data

The applicant assumes a ratio of 0.10 observation days to total acute care days to projected acute care days at Atrium Health Harrisburg. The applicant projects that Atrium Health Harrisburg will have 1,225 observation days by the third project year.

Projected Observation Bed Utilization and Occupancy At Atrium Health Harrisburg				
	CY 2028	CY 2029	CY 2030	CY 2031
Total Acute Care Days	3,065	7,501	10,881	11,840
Ratio of Observation Days to Total Acute Care Days	0.10	0.10	0.10	0.10
Observation Days	317	776	1,126	1,225
Observation ADC	0.9	2.1	3.1	3.4
Observation Beds	4	4	4	4
Occupancy	21.7%	53.2%	77.15	83.9%

Source: Section Q, page 160

The applicant assumes that Atrium Health Harrisburg’s acuity appropriate observation patients ALOS will be consistent with Atrium Health Cabarrus’ CY2023 ALOS of 0.95 days.

Projected Observation Bed Patients At Atrium Health Harrisburg				
	CY 2028	CY 2029	CY 2030	CY 2031
Observation Days	317	776	1,126	1,225
ALOS	0.95	0.95	0.95	0.95
Observation Patients	333	816	1,183	1,287

Source: Section Q, page 160

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

- Atrium Health Cabarrus’ historical growth in utilization created the current need determination for 31 additional acute care beds in the 2024 SMFP for the Cabarrus County Acute Care Bed Service Area.
- The applicant relied on the Cabarrus County projected population growth rate to project future growth.
- The applicant relied on Atrium Health Harrisburg’s historical utilization of acuity appropriate patients that were subsequently admitted or sought care at Atrium Health Cabarrus, to project a shift of acute care patients to Atrium Health Harrisburg and future growth.
- The projected utilization of the applicant’s proposed acute care beds meets the Performance Standard in 10A NCAC 14C .3803.

Access to Medically Underserved Groups

The application for Project ID# F-12255-22 adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed services. The applicant proposes no changes in the current application which would affect that determination.

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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

In Section D, page 73, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 73, the applicant states:

“...the inpatient and surgical capacity at Atrium Health Harrisburg will be used to care for patients that historically have chosen to receive inpatient and surgical care at Atrium Health Cabarrus; thus, not only will acute care beds and operating room capacity be relocated from Atrium Health Cabarrus to Atrium Health Harrisburg, but many of the patients being served by these existing services are expected to choose to receive care from their provider groups at Atrium Health Harrisburg. Further, as discussed previously, the proposed project will allow a portion of the previously approved relocated acute care beds (11 in total) to remain at Atrium Health Cabarrus. Upon completion of the proposed change of scope project, 501 beds and 15 ORs (excluding the two dedicated C-section rooms) will remain at Atrium Health Cabarrus’s main campus. Given Atrium Health Harrisburg is a campus of Atrium Health Cabarrus, the proposed relocation will have no effect on the overall license.”

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

- The applicant is relocating services to Atrium Health Harrisburg, a campus of Atrium Health Cabarrus that serves Atrium Health Harrisburg patients residing in the service area.
- The applicant reasonably projects that acuity appropriate patients residing in Harrisburg and has received inpatient services at Atrium Health Cabarrus, will transfer their care to Atrium Health Harrisburg, a more convenient and accessible location.
- The applicant is proposing to transfer less acute care beds than what was previously approved in Project ID# F-12255-22, which will allow the facility to maintain its acute care capacity.

In Section pages 136-137, the applicant provides projected utilization, as illustrated in the following tables.

Atrium Health Cabarrus							
Projected Acute Care Bed Utilization							
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Partial FY	1st Full FY
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029
Acute Care Beds							
# of Beds	427	427	427	427	514	501	501
# Discharges	28,027	28,530	29,042	29,563	30,093	29,807	29,160
# of Patient Days	139,559	142,063	144,611	147,205	149,846	149,469	147,770
Average Length of Stay (ALOS)	5.0	5.0	5.0	5.0	5.0	5.0	5.1
Occupancy Rate	89.5%	91.2%	92.8%	94.5%	79.9%	81.7%	80.8%

Atrium Health Cabarrus Projected OR Utilization							
	Last Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Interim Full FY	Partial FY	1st Full FY
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029
Operating Rooms							
Open Heart ORs	2	2	2	2	2	2	2
Dedicated C-Sections ORs	2	2	2	2	2	2	2
Shared ORs	15	15	15	15	15	15	15
Total # of ORs	19	19	19	19	19	17	17
Adjusted Planning Inventory (1)	17	17	17	17	17	15	15
Surgical Cases							
C-Sections in a Dedicated C- Section OR	879	895	911	927	944	961	978
# of Inpatient Surgical Cases (2)	5,394	5,394	5,394	5,394	5,394	5,338	5,257
# of Outpatient Surgical Cases (2)	6,296	6,409	6,524	6,641	6,760	6,546	6,184
Total # Surgical Cases (2)	11,690	11,803	11,918	12,035	12,154	11,884	11,441
Case Times							
Inpatient	203.6	203.6	203.6	203.6	203.6	203.6	203.6
Outpatient	119.5	119.5	119.5	119.5	119.5	119.5	119.5
Surgical Hours							
Inpatient (3)	18,304	18,304	18,304	18,304	18,304	18,114	17,840
Outpatient (4)	12,540	12,764	12,993	13,227	13,464	13,037	12,317
Total Surgical Hours	30,843	31,068	31,297	31,530	31,767	31,152	30,157
# of ORs Needed							
Group Assignment (5)	3	3	3	3	3	3	3
Standard Hours per OR per Year (6)	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR per Year	17.6	17.7	17.8	18.0	18.1	17.8	17.2

Section Q, page 137

- (1) Total # of ORs – Excluded ORs
- (2) Exclude C-Sections performed in Dedicated C-Section ORs
- (3) (Inpatient Cases x Inpatient Case Time in minutes)
- (4) (Outpatient Cases x Outpatient Case Time)
- (5) From Section C, Question 12(a)
- (6) From Section C, Question 12(b)

In Section Q, pages 146-148 and 151-153, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Project Acute Care Days to Be Served at Atrium Health Cabarrus

The applicant is proposing to relocate 13 acute care beds from Atrium Health Cabarrus to Atrium Health Harrisburg. To project acute care utilization, the applicant examined its historical utilization.

Atrium Health Cabarrus Historical Acute Care Utilization						
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY19-CY23 CAGR
Acute Care Days	108,174	107,346	126,417	137,388	139,559	6.6%
# Number of Acute Care Beds in Operation	427	427	427	427	427	
Average Daily Census	296	294	346	376	382	
Occupancy	69.4%	68.9%	81.1%	88.2%	89.5%	

Source: Section Q, page 146; CMHA internal data

As illustrated above, acute care days experienced a CAGR of 6.6 percent from CY2019 to CY 2023. According to NCOSBM data, the Cabarrus County population is projected to grow annually 1.8 percent from CY2024 to CY2031. To be conservative, the applicant projects the acute care days on the Atrium Health Cabarrus license and Atrium Health Cabarrus main campus, using the projected population grow rate of 1.8 percent. Projected utilization is projected to exceed the occupancy rate of 78.0 percent (Performance Standard for Acute Care Hospital Beds) during the first three project years.

Atrium Health Cabarrus (License) Projected Utilization										
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CAGR
Atrium Health Cabarrus (license) Days	139,559	142,063	144,611	147,205	149,846	152,534	155,271	158,056	160,892	1.8%
Atrium Health Cabarrus (license) Beds	427	427	427	427	514*	545	545	545	545	
Atrium Health Cabarrus (license) ADC	382.4	389.2	396.2	403.3	410.5	417.9	425.4	433.0	440.8	
Atrium Health Cabarrus (license) Occupancy Rate	89.5%	91.2%	92.8%	94.5%	79.9%	76.7%	78.1%	79.5%	80.9%	

Source: Section Q, page 147

*Includes the addition of 22 acute care beds approved pursuant to Project ID# F-12116-21 and 65 acute care beds approved pursuant to Project ID# F-12367-23

Project Operating Utilization at Atrium Health Cabarrus

The applicant is proposing to relocate a total of two operating rooms from Atrium Health Cabarrus upon completion of this project and Project ID# F-12255-22. To project operating utilization at Atrium Health Cabarrus, the applicant examined its historical surgical utilization.

Atrium Health Cabarrus Historical Utilization							
	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	2019- 2021 CAGR	2021- 2023 CAGR
Total IP Cases Excluding C-Sections	5,269	4,734	4,992	4,979	5,394	0.6%	3.9%
Total OP Cases	5,188	4,516	5,629	5,949	6,296	5.0%	5.8%
Total Surgical Cases	10,457	9,250	10,621	10,928	11,690	2.85	4.9%

Source: Section Q, page 151; CMHA internal data

As show in the table above, inpatient (excluding C-sections) surgical cases, grew 0.6 percent from CY2019-2023, however from CY2021 to CY2023 the number of cases increased annually by 3.9 percent. The applicant assumes that inpatient surgical cases will remain flat throughout the first project year. Although outpatient surgical cases grew 5.0 percent from CY 2019 to CY 2023, the applicant projects future growth using the Cabarrus County projected population growth of 1.8 percent (CY2024 – CY2031).

Atrium Health Cabarrus Projected Utilization							
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029
Total IP Surgical Cases (excluding c-section)	5,394	5,394	5,394	5,394	5,394	5,394	5,394
Total OP Surgical Cases	6,296	6,409	6,524	6,641	6,760	6,881	7,005
Total Atrium Health Harrisburg IP Surgical Cases						56	137
Total Atrium Health Harrisburg OP Surgical Cases						335	821
Total IP Surgical Cases Remaining at Atrium Health Cabarrus	5,394	5,394	5,394	5,394	5,394	5,338	5,257
Total OP Surgical Cases Remaining at Atrium Health Cabarrus	6,296	6,409	6,524	6,641	6,760	6,546	6,184
Total Surgical Hours at Atrium Health Cabarrus	28,938	29,177	29,421	28,865	31,767	31,152	30,157
Standard Hours per OR per Year	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Total Surgical Hours / Standard Hours per OR Year							17
ORs at Atrium Health Cabarrus							15
OR Deficit / (Surplus)							2

Source: Section Q, page 152

The applicant states that although the projected utilization indicates a deficit of 2 ORs by CY2029, it would not cause a capacity issue because the relocated ORs will be located at Atrium Health Harrisburg which operates under the same license as Atrium Health Cabarrus and the facility will serve the same patients that would otherwise be served by Atrium Health Cabarrus. The applicant assumes that the surgical growth in the county will generate a SMFP need determination for ORs.

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

- The applicant relies on historical utilization of acute care patient days and surgical cases at Atrium Health Cabarrus, to project future growth.
- The applicant projects utilization for OP surgical cases using a CAGR equivalent to the NCOSBM Cabarrus County projected population growth rate from CY2024 to CY2031.

Access to Medically Underserved Groups

The application for Project ID# F-12255-22 adequately demonstrated that the needs of medically underserved groups that will continue to use acute care and surgical services will be adequately met following completion of the project. The applicant proposes no changes in the current application which would affect that determination.

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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

In Section E, page 80-81, 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:

Develop the Hospital with a Different Number of Beds and/or Other Services-The applicant considered developing less beds than what is proposed, however, the proposal would not meet the need identified in the 2024 SMFP as well enhance acute care capacity as the population continues to grow.

Develop the 31 Additional Acute Care Beds Identified in the 2024 at Atrium Health Cabarrus-The applicant states that there continues to be a need to expand capacity at Atrium Health Harrisburg which will allow an accessible and convenient choice for patients in the service area. Atrium Health Cabarrus currently has several approved projects underway to expand the facility.

On pages 80-81, the applicant states that its proposal is the most effective alternative because it will provide a convenient and less expensive alternative for Harrisburg residents who are required to travel or be transferred to Atrium Health Cabarrus while meeting the need identified in 2024 SMFP. Additionally, the support services, equipment, and other services proposed in this project is the appropriate amount to complement the 44 acute care beds.

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

- There is need determination for 31 acute care beds in Cabarrus County identified in the 2024 SMFP.
- The demonstrated population growth and development in the Harrisburg service area, the convenience and accessibility for Harrisburg residents, and the potential number of clinically appropriate patients that will be referred to the more convenient Atrium Health Harrisburg.
- 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. **The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) shall materially comply with all representations made in this application and the representations in Project ID# F-12255-22. Where representations conflict, the certificate holder shall materially comply with the last made representations.**
 2. **The certificate holder shall relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate no more than one operating room, develop one procedure room and four observation beds and acquire one mammography unit, for a total of no more than 44 acute care beds, two operating rooms, two procedure rooms, four observation beds, and one mammography unit at Atrium Health Harrisburg, upon completion of this project and Project ID# F-12255-22.**
 3. **Upon completion of this project and Project ID# F-12255-22, Atrium Health Harrisburg shall be licensed for no more than 44 acute care beds, two operating rooms, two procedure rooms, four observation beds and one mammography unit.**
 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 March 1, 2025.**
 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 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.**
 7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of

the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

Capital and Working Capital Costs

The certificate of need for Project ID# F-12255-22 approved a capital expenditure of \$85,822,000. The applicant states that, to develop this project and the previously approved project, it requires a total capital expenditure of \$233,463,216.

The following table compares the capital cost approved in Project ID# F-12255-22, the changes proposed in this application, and the new projected capital costs, as reported in Section Q, page 161.

Atrium Health Harrisburg Previously Approved & Proposed Capital Cost			
	Previously Approved (F-12255-22)	New Combined Total Projected Capital Cost	Difference (F-12505-24)
Site Preparation	\$2,159,000	\$7,680,000	\$5,521,000
Construction/Renovation Contract(s)	\$43,282,000	\$138,351,000	\$95,069,000
Landscaping	\$125,000	\$975,000	\$850,000
Architect/Engineering Fees	\$3,327,000	\$8,643,000	\$5,316,000
Medical Equipment	\$16,506,000	\$22,918,000	\$6,412,000
Non-Medical Equipment	\$1,235,000	\$840,000	(\$395,000)
Furniture	\$933,000	\$2,644,000	\$1,711,000
Consultant Fees (CON and Legal)	\$320,000	\$140,000	(\$180,000)
Financing Costs	\$379,000	\$1,020,768	\$641,768
Interest During Construction	\$2,871,000	\$10,536,448	\$7,665,448
Other (IS, Security, Internal Allocation)	\$14,685,000	\$39,715,000	\$25,030,000
Total Capital Cost	\$85,822,000	\$233,463,216	\$147,641,216

In Section C, pages 38-40, the applicant explains why the proposed increase in capital cost is necessary to develop the proposed project. The applicant is proposing to develop the 31 acute care beds and reduce the number of acute care beds to be relocated from 24 to 13, for a total of 44 acute care beds at Atrium Health Harrisburg. Additionally, the applicant is proposing to relocate one operating room, develop one procedure room and four observation beds, acquire a mammography unit, and add ancillary/support services to accommodate the expansion of

acute care capacity. The applicant states that expanding acute care capacity is required for other services related to acute care services, thereby requiring additional resources to develop the project.

The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

On page 84, the applicant states that there will be no start-up or initial operating costs associated with this project because Atrium Health Harrisburg is an existing, operational facility and the operating costs to develop the other services are part of the ongoing operational costs.

Availability of Funds

In Section F, page 82, the applicant states that the capital cost will be funded, as shown in the table below.

Type	The Charlotte-Mecklenburg Hospital Authority	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$147,641,216	\$147,641,216
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$147,641,216	\$147,641,216

In Exhibit F.2-1, the applicant provides a letter dated April 15, 2024, from the Executive Vice President and Chief Financial Officer for Charlotte-Mecklenburg Hospital Authority stating its commitment to fund the capital cost of the proposed project using accumulated reserves.

Exhibit F.2-2 contains a copy of the audited financial statements for Charlotte-Mecklenburg Hospital Authority for the year ended December 31, 2022. According to the financial report, as of December 31, 2022, Charlotte-Mecklenburg Hospital Authority had adequate accumulated reserves to fund the projected capital requirements of the proposed project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information provided in Section F and Exhibits F.2-1 and F.2-2 of the application.

Financial Feasibility

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

Atrium Health Harrisburg Inpatient Services (includes acute care beds, OR)	1st Full FY CY2029	2nd Full FY CY2030	3rd Full FY CY2031
Total Patient Days of Care/procedures	8,458	12,270	13,351
Total Gross Revenue	\$356,717,673	\$516,572,709	\$576,172,709
Total Net Revenue	\$91,501,179	\$131,084,088	\$145,958,575
Average Net Revenue per Patient Day/Procedure	\$10,818	\$10,683	\$10,932
Total Operating Expenses (Costs)	82,422,213	\$103,539,091	\$111,481,796
Average Operating Expense per Patient Day/Procedure	\$9,745	\$8,438	\$8,350
Net Income	\$9,078,966	\$27,544,997	\$35,476,779

Atrium Health Harrisburg Ambulatory Services (includes procedure room, observation beds)	1st Full FY CY2029	2nd Full FY CY2030	3rd Full FY CY2031
Total Patient Days of Care/procedure	4,045	5,868	6,385
Total Gross Revenue	\$213,285,665	\$318,668,386	\$357,155,598
Total Net Revenue	\$51,060,422	\$76,288,963	\$85,502,772
Average Net Revenue per Patient Day/Procedure	\$12,623	\$13,001	\$13,391
Total Operating Expenses (Costs)	\$34,532,145	\$48,084,186	\$53,027,065
Average Operating Expense per Patient Day/Procedure	\$8,537	\$8,194	\$8,305
Net Income	16,528,277	\$28,204,777	\$32,475,707

Atrium Health Harrisburg Mammography	1st Full FY CY2029	2nd Full FY CY2030	3rd Full FY CY2031
Total Procedures	9,516	9,687	9,861
Total Gross Revenue	\$9,250,123	\$9,698,547	\$10,168,710
Total Net Revenue	\$2,603,743	\$2,729,967	\$2,862,309
Average Net Revenue per Procedure	\$274	\$282	\$290
Total Operating Expenses (Costs)	\$656,906	\$663,535	\$670,459
Average Operating Expense per Procedure	\$69.03	\$68.49	\$67.99
Net Income	\$1,946,837	\$2,066,432	\$2,191,840

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:

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.

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

C

The applicant is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

On pages 31 and 47, the 2024 SMFP defines the service area for acute care beds and operating room services as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed and operating room service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area. Table 5A on page 39 of the 2024 SMFP shows that Atrium Health Cabarrus is the only facility in Cabarrus County with acute care beds. The following table identifies the existing and approved ORs located in Cabarrus County, from Table 6A, page 55 of the 2024 SMFP.

Cabarrus County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Total Surgical Hours
Gateway Surgery Center	0	6	0	0	0	4,625.0
Atrium Health Cabarrus	4	0	15	-2	-1	28,451.6
Total	4	6	15	-2	-1	33,076.6

In the application Project ID# F-12255-22, the applicant was approved to relocate one operating room and develop one procedure room. In this application, the applicant is proposing to relocate an additional operating room from Atrium Health Cabarrus and develop an additional procedure room. The 2024 SMFP does not identify existing and approved procedure rooms in North Carolina.

In Section G, page 94, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care and operating room services in Cabarrus County. The applicant states:

“Notably, the need in the 2024 SMFP was generated by the highly utilized acute care services at Atrium Health Cabarrus. As discussed in Section C.4, clinically appropriate patients who, in the absence of inpatient and outpatient surgical services at Atrium Health Harrisburg are choosing to go to Atrium Health Cabarrus, can be served closer to home at Atrium Health Harrisburg, elevating care across the geography, both the tertiary services at the Atrium Health Cabarrus campus as well as the acute care services at Atrium Health Harrisburg. Further, the projected utilization included within this application demonstrates that the expanded hospital services at Atrium Health Harrisburg will not unnecessarily duplicate existing or approved facilities.”

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:

- There is a need determination in the 2024 SMFP for the proposed 31 acute care beds.
- The proposal would not result in an increase in operating rooms in the service area.
- The applicant is proposing to relocate services within the same service area to an existing facility under the Atrium Health Cabarrus license.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds.

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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

The application for Project ID# F-12255-22 adequately demonstrated the availability of resources, including health manpower and management personnel to provide the proposed services and no changes are proposed in this application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating

rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

The application for Project ID# F-12255-22 adequately demonstrated the availability of the ancillary and support services necessary to the provision of the proposed services and adequately demonstrated the proposed services would be coordinated with the existing healthcare system and no changes are proposed in this application which would affect that determination.

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.

- (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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

In Section K, page 104, the applicant states that the project involves constructing 127,328 square feet of new space and renovating 6,365 square feet of existing space. Line drawings are provided in Exhibit C.1-1.

On pages 104-105, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant is proposing to incorporate energy efficiency and cost-saving methods such as using energy-efficient and low maintenance materials.
- While incorporating the proposed changes, the applicant is focused on minimizing interruption to patient care by developing the changes while the facility is still under development from the approved application for Project ID# F-12255-22.

On page 105, 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. The applicant is proposing to expand acute care and operating room services for Harrisburg residents in an existing facility as opposed to developing a new facility that can increase construction costs. The proposal will enable Atrium Health Harrisburg to offer Harrisburg residents access to inpatient services. Additionally, the applicant states that CMHA sets aside revenue from previous years to finance future projects.

On pages 32-33, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, pages 109-110, the applicant provides the historical payor mix during CY 2023 for the proposed services. Atrium Health Harrisburg is a hospital campus of Atrium Health Cabarrus that provides ED and outpatient services only. The following tables illustrate the historical payor mix for both facilities.

Atrium Health Harrisburg Historical Payor Mix Last full FY, CY 2023	
Payor Source	Percent of Total
Self-Pay	8.8%
Charity Care**	
Medicare*	29.0%
Medicaid*	17.8%
Insurance*	41.4%
Other^	3.1%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source. Patients in any category can and do receive charity care.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

Atrium Health Cabarrus Projected Payor Mix Last full FY, CY 2023	
Payor Source	Percent of Total
Self-Pay	5.1%
Charity Care**	
Medicare*	48.4%
Medicaid*	13.1%
Insurance*	29.5%
Other^	3.8%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source. Patients in any category can and do receive charity care.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

In Section L, page 109-110, the applicant provides the following comparison.

Atrium Health Harrisburg	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of Mecklenburg County	Percentage of the Population of Cabarrus County
Female	59.5%	51.6%	50.9%
Male	40.3%	48.4%	49.1%
Unknown	0.1%	0.0%	0.0%
64 and Younger	85.5%	87.8%	86.2%
65 and Older	14.5%	12.2%	13.8%
American Indian	1.2%	0.9%	0.7%
Asian	2.0%	6.7%	6.5%
Black or African American	44.4%	33.2%	21.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%	0.1%
White or Caucasian	45.8%	56.4%	68.2%
Other Race	2.8%	2.7%	2.7%
Declined / Unavailable	3.8%	0.0%	0.0%

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

Atrium Health Cabarrus	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area*
Female	62.0%	50.9%
Male	37.9%	49.1%
Unknown	0.1%	0.0%
64 and Younger	65.8%	86.2%
65 and Older	34.2%	13.8%
American Indian	0.6%	0.7%
Asian	1.3%	6.5%
Black or African American	23.0%	21.8%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	69.3%	68.2%
Other Race	2.1%	2.7%
Declined / Unavailable	3.6%	0.0%

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

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 110-111, the applicant states:

“...Atrium Health Cabarrus is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities. However, as stated earlier, Atrium

Health Harrisburg provides and will continue to provide services to all persons in need of medical care, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability, or source of payment as demonstrated in CMHA's Non-Discrimination policies...

In Section L, page 111, 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 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 111, 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.

Atrium Health Harrisburg Projected Payor Mix 3rd full FY, CY 2031	
Payor Source	Percent of Total
Self-Pay	7.0%
Charity Care**	
Medicare*	35.0%
Medicaid*	12.7%
Insurance*	42.0%
Other^	3.3%
Total	100.0%

*Including any managed care plans.

**CMHA internal data does not include charity care as a payor source. Patients in any category can and do receive charity care.

^Other payor sources include Worker's Compensation, TRICARE, Department of Corrections, and other payors.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.0% of total services will be provided to self-pay patients, 35.0% to Medicare patients and 12.7% to Medicaid patients.

On page 113, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects payor mix based on the historical payor of the facility with the inclusion of inpatient, ambulatory, and mammography services.
- The applicant projects inpatient and ambulatory services based on the facility's historical payor mix of acuity appropriate patients in the service area that may or may not been presented at Atrium Health Harrisburg's emergency department that were transferred or sought care at Atrium Health Cabarrus.
- The applicant projects payor mix for mammography services based on the Atrium Health Imaging Cabarrus (Copperfield)'s historical payor mix.

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 115, 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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

Project ID# F-12255-22 adequately demonstrated that the proposed health services will accommodate the clinical needs of health professional training programs in the area. The applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

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

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

- (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 is proposing a cost overrun and change of scope for Project ID# F-12255-22 (Develop a new hospital by relocating no more than 24 acute beds from Atrium Health Cabarrus) to relocate no more than 13 acute care beds from Atrium Health Cabarrus, develop no more than 31 acute care beds pursuant to the 2024 SMFP need determination, relocate one additional operating room, develop an additional procedure room, four observation beds, and

acquire a mammography unit for a total of no more than 44 acute care beds, two operating rooms, two procedures rooms, four observations beds, and one mammography unit upon completion of this project and Project ID# F-12255-22.

On pages 31 and 47, the 2024 SMFP defines the service area for acute care beds and operating room services as "... the single or multicounty grouping shown in Figure 5.1." Figure 5.1, on page 36, shows Cabarrus County as its own acute care bed and operating room service area. Thus, the service area for this facility is Cabarrus County. Facilities may also serve residents of counties not included in their service area. Table 5A on page 39 of the 2024 SMFP shows that Atrium Health Cabarrus is the only facility in Cabarrus County with acute care beds. The following table identifies the existing and approved ORs located in Cabarrus County, from Table 6A, page 55 of the 2024 SMFP.

Cabarrus County	IP ORs	OP ORs	Shared ORs	Excluded C-Section, Trauma, Burn ORs	CON Adjustments	Total Surgical Hours
Gateway Surgery Center	0	6	0	0	0	4,625.0
Atrium Health Cabarrus	4	0	15	-2	-1	28,451.6
Total	4	6	15	-2	-1	33,076.6

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 118, the applicant states:

"In short, the proposed expansion of acute care capacity at Atrium Health Harrisburg will provide CMHA the opportunity to serve even more patients in the Harrisburg service area in a timely manner closer to home and/or more conveniently, promoting competition in the region."

Regarding the impact of the proposal on cost effectiveness, in Section B, page 31, the applicant states:

"Further, Atrium Health Harrisburg, as a part of the larger CMHA system, benefits from significant cost savings measures through the consolidation of multiple services and large economies of scale. The proposed project will enable Atrium Health Harrisburg to continue to provide its patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources."

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

Regarding the impact of the proposal on quality, in Section B, page 27, the applicant states:

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

care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry.”

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 B, page 28, the applicant states:

“CMHA 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, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies provided in Exhibit B.20-4.”

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
- 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 H, page 182, the applicant identifies the facilities that provide acute care and imaging services located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 47 of this type of facility located in North Carolina.

In Section O, page 123, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents resulting in immediate jeopardy occurred on February 2, 2023, and March 3, 2023 at Columbia Regional. After a Plan of Correction was approved by CMS, the facility was back in compliance April 25, 2023. According to the files in the Acute Care and Home 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 47 facilities, the applicant provided sufficient evidence that quality care has been provided in the past.

(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 Criteria and Standards for Acute Care Beds promulgated in 10A NCAC 14C .3800 are applicable to this review. The application is conforming to all applicable criteria, as discussed below.

10 NCAC 14C .3803 PERFORMANCE STANDARDS

An applicant proposing to develop new acute care beds in a hospital pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

(1) *document that it is a qualified applicant;*

-C- In Section B, page 25, the applicant adequately documents that it is a qualified applicant. The discussion regarding persons who can develop new acute care beds found in Criterion (1) is incorporated herein by reference.

- (2) *provide projected utilization of the existing, approved, and proposed acute care beds for the applicant hospital during each of the first three full fiscal years of operation following completion of the project;*

-C-

Atrium Health Harrisburg Projected Acute Care Bed Utilization				
	Partial FY	1st Full FY	2nd Full FY	3rd Full FY
	05/01/2028- 12/31/2028	CY 2029	CY 2030	CY 2031
Acute Care Beds				
# of Beds	44	44	44	44
# Discharges	826	2,022	2,933	3,191
# of Patient Days	3,065	7,501	10,881	11,840
Average Daily Census (ADC)*	8	21	30	32
Average Length of Stay (ALOS)	3.71	3.71	3.71	3.71
Occupancy Rate	19.1%	46.7%	67.8%	73.7%

Source: Section Q, page 127

*Patient days / 365.25 = ADC

- (3) *project an occupancy rate of the existing, approved, and proposed acute care beds for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage;*

-C- On Form C.1b in Section Q, page 127, the applicant projects an occupancy rate of 73.7% for the applicant hospital during the third full fiscal year of operation following completion of the project that equals or exceeds the target occupancy percentage of 66.7 percent if the ADC is less than 100. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (4) *provide projected utilization of the existing, approved, and proposed acute care beds for the hospital system during each of the first three full fiscal years of operation following completion of the project;*

-C-

Atrium Health Cabarrus License Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	CY 2029	CY 2030	CY 2031
Acute Care Beds			
# of Beds	545	545	545
# Discharges	31,182	31,742	32,311
# of Patient Days	155,271	158,056	160,892
# of Neonatal Days	5,944	5,994	5,994
Total Patient Days	161,215	164,000	166,836
ADC*	442	449	457
Average Length of Stay (ALOS)	5.0	5.0	5.0
Occupancy Rate	78.1%	79.5%	80.9%

Source: Section Q, page 129

*Total Patient days / 365.25 = ADC

(5) *project an average occupancy rate of the existing, approved, and proposed acute care beds for the hospital system during the third full fiscal year of operation following completion of the project that equals exceeds the target occupancy percentage of:*

(a) 66.7 percent if the ADC is less than 100;

(b) 71.4 percent if the ADC is 100 to 200;

(c) 75.2 percent if the ADC is 201 to 399; or

(d) 78.0 percent if the ADC is greater than 400; and

-C- On Form C.1b in Section Q, page 129, the applicant projects an occupancy rate of 80.9% for all existing, approved, and proposed acute care beds in the hospital system during the third full fiscal year of operation following completion of the project. This exceeds the target occupancy percentage of 78.0% if the ADC is greater than 400. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.

(6) *provide the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule.*

-C- In Section Q, pages 138-160, the applicant provides the assumptions and methodology used to project the utilization and occupancy rates required in Items (2), (3), (4), and (5) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.