

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 24, 2025

Findings Date: January 24, 2025

Project Analyst: Yolanda W. Jackson

Co-Signer: Michael J. McKillip

Project ID #: F-12575-24

Facility: Atrium Health Union West

FID #: 180514

County: Union

Applicant(s): The Charlotte-Mecklenburg Hospital Authority

Project: Develop no more than 46 additional acute care beds pursuant to the 2024 SMFP need determination and develop 14 additional observation beds, 11 additional ED bays, one additional GI Endo room and one additional procedure room

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 “the applicant”) proposes to develop 46 additional acute care beds at Atrium Health Union West pursuant to the need determination in the 2024 State Medical Facilities Plan (SMFP) for Union County for a total of 94 acute care beds at Atrium Health Union West upon completion of this project and Project ID # F-12440-23 (add 8 additional acute care beds).

Atrium Health Union operates two hospitals on its license: Atrium Health Union in Monroe and Atrium Health Union West in Matthews. Both hospital campuses are located in Union County. Upon completion of the proposed project and Project ID# F-12440-23 (add 8 additional acute care beds) at Atrium Health Union West, and Project ID# F-12442-23 (add 13

acute care beds) at Atrium Health Union, Atrium Health Union will have a total of 249 acute care beds on the hospital license.

The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional GI endoscopy room and one additional procedure room.

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. Application of the need methodology in the 2024 SMFP identified a need for 46 additional acute care beds in the Union County acute care bed service area.

2024 SMFP: Applicant criteria for acute care beds

On pages 34-35, 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,*
- (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 listed below... [listed on pages 34-35 of the 2024 SMFP].”*

The applicant does not propose to develop more acute care beds than are determined to be needed in Union 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 applicable to this review: *Policy GEN-3: Basic Principles* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

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 27-32, the applicant explains why it believes its application is consistent with *Policy GEN-3*. On page 32, the applicant states:

“The utilization projected in the application, ... incorporates concepts of safety, quality, access, and maximum value by expanding Atrium Health Union West’s ability to continue demonstrating these concepts in the services it provides. The increased number of patients served, including the medically underserved, will have access to the safe, high quality acute care services provided at Atrium Health Union West, and the proposed project will be developed in such a way as to maximize healthcare value.”

Therefore, the application is consistent with *Policy GEN-3*.

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 of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 33-34, the applicant provides a written statement describing the project’s plan to improve energy efficiency and conserve water. Therefore, the application is consistent with *Policy GEN-4*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant does not propose to develop more acute care beds than are determined to be needed in the service area 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* based on the following:
 - The applicant documents how the project will promote quality in the delivery of acute care services in Union County and how the hospital has its Performance, Improvement, Utilization, and Risk Management Plans in place to ensure quality care is provided to all patients on page 28 and in referenced exhibits.
 - The applicant documents that the project will promote equitable access to acute care services in Union County on pages 28-32 and in referenced exhibits.
 - The applicant documents that the project will maximize healthcare value in the delivery of acute care services in Union County through the consolidation of multiple services and large economies of scale as a part of the larger CMHA and Advocate system on page 32.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because the applicant includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

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

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

In this application, Atrium Health Union West proposes to develop the following additional services:

- 46 licensed acute care beds pursuant to a need determination in the 2024 SMFP for Union County (eight of which will be labor, delivery, recovery, and postpartum (LDRP) beds)
- 14 unlicensed observation beds
- One GI endoscopy room
- 11 ED bays (one will be upfit to accommodate behavioral health patients and one of which will be developed as a resuscitation room)
- Additional imaging service capacity that includes:
 - One multipurpose radiology room that will contain one unit of radiographic fluoroscopy equipment
 - One portable X-ray unit
 - One portable ultrasound unit

Patient Origin

On page 31, the 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2024 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “...*the county where the proposed GI endoscopy room will be developed.*” The facility will be developed in Union County. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

The following tables from Section C, pages 41-46, illustrate historical and projected patient origin:

| Atrium Health Union West | | | | |
|--|-----------------------|---------------|---|---------------|
| Acute Care Beds County or Other Geographic Area | Historical CY 2023 | | Third Full FY of Operation Following Project Completion CY 2031 | |
| | # of Patients | % of Total | # of Patients | % of Total |
| Union | 2,495 | 58.2% | 5,697 | 58.2% |
| Mecklenburg | 1,089 | 25.4% | 2,485 | 25.4% |
| Lancaster, SC | 197 | 4.6% | 450 | 4.6% |
| Anson | 170 | 4.0% | 388 | 4.0% |
| Chesterfield, SC | 66 | 1.6% | 151 | 1.6% |
| Cabarrus | 52 | 1.2% | 118 | 1.2% |
| Other^ | 216 | 5.0% | 493 | 5.0% |
| Total | 4,285 | 100.0% | 9,783 | 100.0% |

Source: Section C, pages 41 and 44.

^Includes Stanly, York SC, Gaston, Rowan, Richmond, Lincoln, Cherokee, Cleveland, Catawba, Montgomery, Other North Carolina Counties, and Other States.

| Atrium Health Union West | | | | |
|---|-----------------------|---------------|---|---------------|
| Emergency Department County or Other Geographic Area | Historical CY 2023 | | Third Full FY of Operation Following Project Completion CY 2031 | |
| | # of Patients | % of Total | # of Patients | % of Total |
| Union | 17,133 | 67.7% | 23,205 | 67.7% |
| Mecklenburg | 5,877 | 23.2% | 7,959 | 23.2% |
| Chesterfield, SC | 334 | 1.3% | 452 | 1.3% |
| Cabarrus | 275 | 1.1% | 373 | 1.1% |
| Lancaster, SC | 273 | 1.1% | 370 | 1.1% |
| Anson | 263 | 1.0% | 356 | 1.0% |
| Other^ | 1,163 | 4.6% | 1,575 | 4.6% |
| Total | 25,318 | 100.0% | 34,290 | 100.0% |

Source: Section C, pages 42 and 44.

^Includes Stanly, York SC, Gaston, Iredell, Cleveland, Rowan, Lincoln, Montgomery, Cumberland, Horry SC, Other North Carolina Counties, and Other States.

| Atrium Health Union West | | | | |
|--|-----------------------|---------------|---|---------------|
| GI Endoscopy County or Other Geographic Area | Historical CY 2023 | | Third Full FY of Operation Following Project Completion CY 2031 | |
| | # of Patients | % of Total | # of Patients | % of Total |
| Union | 892 | 53.3% | 1,531 | 53.3% |
| Mecklenburg | 502 | 30.0% | 861 | 30.0% |
| Lancaster, SC | 56 | 3.3% | 96 | 3.3% |
| York, SC | 53 | 3.2% | 91 | 3.2% |
| Anson | 41 | 2.4% | 70 | 2.4% |
| Cabarrus | 38 | 2.3% | 65 | 2.3% |
| Other^ | 93 | 5.5% | 160 | 5.5% |
| Total | 1,675 | 100.0% | 2,874 | 100.0% |

Source: Section C, pages 42 and 45.

^Includes Chesterfield SC, Stanly, Gaston, Rowan, Cumberland, Montgomery, Chester SC, Catawba, Lincoln, Other North Carolina Counties, and Other States.

| Atrium Health Union West | | | | |
|--|-----------------------|---------------|---|---------------|
| Entire Facility or Campus County or Other Geographic Area | Historical CY 2023 | | Third Full FY of Operation Following Project Completion CY 2031 | |
| | # of Patients | % of Total | # of Patients | % of Total |
| Union | 25,620 | 62.8% | 37,004 | 62.7% |
| Mecklenburg | 10,180 | 25.0% | 14,580 | 24.7% |
| Anson | 819 | 2.0% | 1,284 | 2.2% |
| Lancaster, SC | 776 | 1.9% | 1,271 | 2.2% |
| Chesterfield, SC | 708 | 1.7% | 1,007 | 1.7% |
| Other^ | 2,700 | 6.6% | 3,915 | 6.6% |
| Total | 40,803 | 100.0% | 59,061 | 100.0% |

Source: Section C, pages 43 and 46.

^Includes Cabarrus, York SC, Stanly, Gaston, Iredell, Rowan, Montgomery, Chester SC, Lincoln, Cleveland, Other North Carolina Counties, and Other States.

| Atrium Health Union West | | |
|------------------------------------|--|---------------|
| Procedure Room* | Third Full FY of Operation Following Project Completion CY 2031 | |
| County or Other Geographic Area | # of Patients | % of Total |
| Union | 449 | 66.3% |
| Anson | 55 | 8.1% |
| Lancaster, SC | 55 | 8.1% |
| Chesterfield, SC | 34 | 5.0% |
| Stanly | 21 | 3.1% |
| Mecklenburg | 17 | 2.5% |
| Other^ | 47 | 6.9% |
| Total | 678 | 100.0% |

Source: Section C, page 45.

*Historical patient origin is not applicable because no procedure rooms exist at Atrium Union West.

^Includes Montgomery, Chester SC, Richmond, Gaston, Cabarrus, Saginaw SC, Lexington SC, Other North Carolina Counties, and Other States.

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

- The applicant projected patient origin for Atrium Health Union West is based on the CY 2023 patient origin for Atrium Health Union West.
- The applicant's projections for the total number of patients in each of the project years is based on the aggregate number of patients for each service component plus other patients served at Atrium Health Union West grown at 2.3 percent per year, based on the Union County projected population growth rate through 2031.

Analysis of Need

In Section C, pages 47-64, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- Union County is the 23rd largest county in North Carolina and the size of the county, combined with its population and the location of that population, contributes to the need for additional acute care bed capacity at Atrium Health Union West. (page 48)
- Atrium Health Union West has experienced particularly rapid growth and high occupancy levels during its approximately three years of operation and the applicant expects Atrium Union Health West's utilization to continue to increase given the rapid growth of Union County, and, specifically, the western portion of Union County. (page 50)
- According to data from the North Carolina Office of State Budget and Management (NCOSBM), Union County is ranked sixth among counties in North Carolina for numerical growth of total population from 2014 to 2024. (page 50)
- According to data from the NCOSBM, Union County is projected to have the second-highest population growth rate for those age 65 and older among all North Carolina counties and these older residents will likely utilize the expanded acute care resources at Atrium Health Union West. (page 54)

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

- There is a need determination in the 2024 SMFP for 46 additional acute care beds in Union County.
- The applicant provides reliable data, makes reasonable statements about the data, and uses reasonable assumptions about the data to demonstrate the projected population growth in the area and the projected growth of the population age 65 and older in the area.
- The applicant adequately demonstrates the need to expand access to services based on the rapid growth in acute care bed utilization in the western part of Union County.

Projected Utilization

In Section Q, pages 132-137, the applicant provides historical and projected utilization for the acute care beds at Atrium Health Union and Atrium Health Union West, as illustrated in the following tables.

| Atrium Health Union (Both Campuses) Historical and Interim Utilization | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| Total # of Beds | 178 | 186 | 199 | 199 | 199 |
| # of Discharges | 12,023 | 13,209 | 13,731 | 14,279 | 14,791 |
| # of Patient Days | 61,278 | 68,838 | 71,091 | 73,442 | 75,894 |
| ALOS* | 5.1 | 5.2 | 5.2 | 5.1 | 5.1 |
| Occupancy Rate | 94.3% | 101.4% | 97.9% | 101.1% | 104.5% |

Source: Section Q, page 132.

*ALOS=Average Length of Stay

| Atrium Health Union (Both Campuses) Projected Utilization | | | | |
|--|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| Total # of Beds | 245 | 245 | 245 | 245 |
| # of Discharges | 15,624 | 16,542 | 17,346 | 18,212 |
| # of Patient Days | 79,680 | 83,827 | 87,214 | 90,798 |
| ALOS* | 5.1 | 5.1 | 5.0 | 5.0 |
| Occupancy Rate | 89.1% | 93.7% | 97.5% | 101.5% |

Source: Section Q, page 133.

*ALOS=Average Length of Stay

| Atrium Health Union Historical and Interim Utilization | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| Total # of Beds | 138 | 138 | 151 | 151 | 151 |
| # of Discharges | 8,964 | 9,402 | 9,773 | 10,161 | 10,396 |
| # of Patient Days | 48,740 | 53,875 | 55,121 | 56,395 | 57,699 |
| ALOS | 5.4 | 5.7 | 5.6 | 5.6 | 5.6 |
| Occupancy Rate | 96.8% | 107.0% | 100.0% | 102.3% | 104.7% |

Source: Section Q, page 134.

*ALOS=Average Length of Stay

| Atrium Health Union Projected Utilization | | | | |
|--|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| Total # of Beds | 151 | 151 | 151 | 151 |
| # of Discharges | 10,636 | 10,882 | 10,923 | 10,923 |
| # of Patient Days | 59,032 | 60,397 | 60,627 | 60,627 |
| ALOS | 5.6 | 5.6 | 5.6 | 5.6 |
| Occupancy Rate | 107.1% | 109.6% | 110.0% | 110.0% |

Source: Section Q, page 135.

*ALOS=Average Length of Stay

| Atrium Health Union West Historical and Interim Utilization | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| Total # of Beds | 40 | 48 | 48 | 48 | 48 |
| # of Discharges | 3,059 | 3,807 | 3,958 | 4,118 | 4,396 |
| # of Patient Days | 12,538 | 14,962 | 15,971 | 17,047 | 18,195 |
| ALOS | 4.1 | 3.9 | 4.0 | 4.1 | 4.1 |
| Occupancy Rate | 85.9% | 85.4% | 91.2% | 97.3% | 103.9% |

Source: Section Q, page 136.

*ALOS=Average Length of Stay

| Atrium Health Union West Projected Utilization | | | | |
|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| Total # of Beds | 94 | 94 | 94 | 94 |
| # of Discharges | 4,988 | 5,660 | 6,423 | 7,289 |
| # of Patient Days | 20,648 | 23,430 | 26,588 | 30,171 |
| ALOS | 4.1 | 4.1 | 4.1 | 4.1 |
| Occupancy Rate | 60.2% | 68.3% | 77.5% | 87.9% |

Source: Section Q, page 137.

*ALOS=Average Length of Stay

In Section Q, pages 140-145, the applicant provides historical and projected utilization for GI endoscopy rooms at Atrium Health Union, Atrium Health Union West, and Carolina Endoscopy Center–Monroe, as illustrated in the following tables.

| Atrium Health Union West Historical and Interim Utilization | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| # of GI Endo Rooms | 1 | 1 | 1 | 1 | 1 |
| # of Inpatient GI Endo Procedures | 308 | 372 | 397 | 424 | 452 |
| # Outpatient GI Endo Procedures | 2,048 | 2,806 | 2,870 | 2,937 | 3,005 |
| Total GI Endo Procedures | 2,356 | 3,178 | 3,268 | 3,361 | 3,457 |
| # of Procedures Per Room* | 1.57 | 2.12 | 2.18 | 2.24 | 2.30 |

Source: Section Q, page 140.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

| Atrium Health Union West Projected Utilization | | | | |
|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| # of GI Endo Rooms | 2 | 2 | 2 | 2 |
| # of Inpatient GI Endo Procedures | 513 | 583 | 661 | 750 |
| # of Outpatient GI Endo Procedures | 3,074 | 3,145 | 3,218 | 3,292 |
| Total GI Endo Procedures | 3,588 | 3,728 | 3,879 | 4,042 |
| # of Procedures Per Room* | 1.20 | 1.24 | 1.29 | 1.35 |

Source: Section Q, page 141.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

| Atrium Health Union Historical and Interim Utilization | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| # of GI Endo Rooms | 1 | 1 | 1 | 1 | 1 |
| # of Inpatient GI Endo Procedures | 542 | 540 | 552 | 565 | 578 |
| # Outpatient GI Endo Procedures | 1,261 | 1,114 | 1,139 | 1,166 | 1,193 |
| Total GI Endo Procedures | 1,803 | 1,654 | 1,692 | 1,731 | 1,771 |
| # of Procedures Per Room* | 1.20 | 1.10 | 1.13 | 1.15 | 1.18 |

Source: Section Q, page 142.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

| Atrium Health Union Projected Utilization | | | | |
|--|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| # of GI Endo Rooms | 1 | 1 | 1 | 1 |
| # of Inpatient GI Endo Procedures | 592 | 605 | 608 | 608 |
| # of Outpatient GI Endo Procedures | 1,220 | 1,248 | 1,277 | 1,307 |
| Total GI Endo Procedures | 1,812 | 1,854 | 1,885 | 1,914 |
| # of Procedures Per Room* | 1.21 | 1.24 | 1.26 | 1.28 |

Source: Section Q, page 143.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

| Carolina Endoscopy Center–Monroe Historical and Interim Utilization | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | CY 2023 | CY 2024 | CY 2025 | CY 2026 | CY 2027 |
| # of GI Endo Rooms | 2 | 2 | 2 | 2 | 2 |
| # of Inpatient GI Endo Procedures | 0 | 0 | 0 | 0 | 0 |
| # Outpatient GI Endo Procedures | 6,090 | 6,110 | 6,251 | 6,395 | 6,543 |
| Total GI Endo Procedures | 6,090 | 6,110 | 6,251 | 6,395 | 6,543 |
| # of Procedures Per Room* | 2.03 | 2.04 | 2.08 | 2.13 | 2.18 |

Source: Section Q, page 144.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

| Carolina Endoscopy Center–Monroe Projected Utilization | | | | |
|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Partial FY CY 2028 | 1st Full FY CY 2029 | 2nd Full FY CY 2030 | 3rd Full FY CY 2031 |
| # of GI Endo Rooms | 2 | 2 | 2 | 2 |
| # of Inpatient GI Endo Procedures | 0 | 0 | 0 | 0 |
| # of Outpatient GI Endo Procedures | 6,694 | 6,849 | 7,007 | 7,169 |
| Total GI Endo Procedures | 6,694 | 6,849 | 7,007 | 7,169 |
| # of Procedures Per Room* | 2.23 | 2.28 | 2.34 | 2.39 |

Source: Section Q, page 145.

*Total GI Endoscopy Procedures / (1,500 x # of Rooms)

In Section Q, pages 148-155, the applicant provides the assumptions and methodology used to project utilization for acute care beds, which is summarized below.

The applicant begins with the historical utilization for the Atrium Health Union license which consists of Atrium Health Union and Atrium Health Union West campuses. The applicant does not include a compound annual growth rate (CAGR) for Atrium Health Union West, which opened in 2022, because the time frame only includes a partial year (2022), one full year (2023), and an annualized year (2024).

| | CY19 | CY20 | CY21 | CY22 | CY23 | CY24* | CAGR |
|--|-------------|-------------|-------------|--------------------|-------------|-------------------|-------------|
| Atrium Health Union Acute Care Days | 36,584 | 36,441 | 46,754 | 48,350 | 48,740 | 53,875 | 8.0% |
| Atrium Health Union West Acute Care Days | | | | 8,717 [^] | 12,538 | 14,962 | |
| Total Acute Care Days | 36,584 | 36,441 | 46,754 | 57,067 | 61,278 | 68,838 | 13.5% |
| Average Daily Census | 100.2 | 99.8 | 128.1 | 156.3 | 167.9 | 188.6 | |
| Licensed Beds | 178 | 178 | 178 | 178 | 178 | 186 ^{^^} | |
| Occupancy | 56.3% | 56.1% | 72.0% | 87.8% | 94.3% | 101.4% | |

Source: Section Q, page 149.

*CY 2024 acute care days are based on actual January – July utilization and annualized using historical seasonal utilization patterns from CY 2023.

[^] Partial year of data. Atrium Health Union West opened in February 2022.

^{^^} Atrium Health Union West is approved to develop eight additional acute care beds pursuant to Project ID# F-12440-23, which will be implemented at the end of CY 2024.

Note: The State Health Coordinating Council (SHCC) removed Level II, III, and IV neonatal beds and days of care from the acute care bed need methodology in the 2023 SMFP. Thus, CMHA excluded all neonatal beds and days of care from Form C.

As illustrated above, the Atrium Health Union license occupancy rate increased significantly from CY 2019 to CY 2024 (annualized), exceeding the Performance Standard target occupancy rate of 71.4 percent. During that period, the average daily census (ADC) was more than 100 but less than 200.

Project Utilization – Acute Care Beds

First, to project acute care days at Atrium Health Union in Monroe, the applicant utilized the projected total population CAGR of Union County from 2024 to 2029 from the North Carolina Office of State Budget Management (NCOSBM). The following table illustrates the Union County projected population growth from 2024 to 2029, according to the NCOSBM.

| | 2024 | 2029 | CAGR |
|-------------------------|-------------|-------------|-------------|
| Union County Population | 263,285 | 295,157 | 2.3% |

Source: Section Q, page 150.

The applicant uses the Union County population CAGR of 2.3% to project acute care days. The applicant states that its high occupancy rate limits it from projecting acute care days to grow at the historical rate even with additional acute care beds. The applicant states that growth at Atrium Health Union will be seriously constricted upon the campus reaching 110 percent occupancy and to account for this, the applicant projects that acute care days will remain flat from CY 2030 to CY 2031. The projected growth rates and projected total acute care days for Atrium Health Union are illustrated in Table 1-3 and Table 1-4, respectively, as shown below.

| Table 1-3: Assumed Projected Growth Rates for Atrium Health Union | | | | |
|--|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Facility | Historical CAGR | Projected CAGR CY25-CY30 | Projected CAGR CY30-CY31 | Effective CAGR CY24-CY31 |
| Atrium Health Union | 8.0% | 2.3% | 0.0% | 1.7%* |

Source: Section Q, page 150.

*Effective CAGR CY24-CY31 represents the CAGR as derived from the projected growth in total acute care days at Atrium Health Union, given the CAGR assumption above.

| Table 1-4: Atrium Health Union Projected Acute Care Bed Utilization | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| | CY24 | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | Effective CAGR |
| Total Acute Care Days | 53,875* | 55,121 | 56,395 | 57,699 | 59,032 | 60,397 | 60,627 | 60,627 | 1.7% |
| Average Daily Census | 147.6 | 151.0 | 154.5 | 158.1 | 161.7 | 165.5 | 166.1 | 166.1 | |
| Licensed Beds | 138 | 151** | 151 | 151 | 151 | 151 | 151 | 151 | |
| Occupancy % | 107.0% | 100.0% | 102.3% | 104.7% | 107.1% | 109.6% | 110.0% | 110.0% | |

Source: Section Q, page 150.

* CY 2024 acute care days at Atrium Health Union are based on actual January – July 2024 utilization and annualized using historical seasonal utilization patterns from CY 2023.

** Atrium Health Union is approved to develop 13 additional acute care beds pursuant to Project ID# F-12442-23.

In Table 1-4, the applicant projects acute care days at Atrium Health Union to grow at a CAGR of 1.7 percent, a growth rate that results from the use of the historical Union County population growth rate and the inability of Atrium Health Union to accommodate more than 110 percent capacity.

The applicant projects acute care utilization for the Atrium Health Union West at 6.7 percent or half of the historical rate of growth of acute care days of 13.5 percent from the Atrium Health Union license. The applicant expects the proposed project to be fully developed midway through CY 2028. It then projects acute care days at Atrium Health Union West to grow at the historical rate of growth of acute care days for the Atrium health Union license from CY 2028 through CY 2031 as illustrated in Table 1-5 below.

| Table 1-5: Assumed Projected Growth Rates for Atrium Health Union West | | | | |
|---|------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| Facility | Historical CAGR | Projected CAGR CY25-CY27 | Projected CAGR CY28-CY31 | Effective CAGR CY24-CY31* |
| Atrium Health Union West | | 6.7% | 13.5% | 10.5% |

Source: Section Q, page 151.

*Effective CAGR CY24-CY31 represents the CAGR as derived from the projected growth in total acute care days at Atrium Health Union West, given the CAGR assumption above.

The total projected acute care days for Atrium Health Union West are shown in Table 1-6 below. The applicant projects acute care days at Atrium Health Union West to grow at a CAGR of 10.5% which is derived from the use of the growth rates in Table 1-5. As shown in table below, Atrium Health Union West is projected to have an occupancy rate of 87.9% for all existing, approved, and proposed acute care beds during the third full fiscal year of operation

following project completion. Atrium Health Union West exceeds the target occupancy percentage of 66.7%.

| Table 1-6: Atrium Health Union West Projected Acute Care Bed Utilization | | | | | | | | | |
|---|--------------|--------------|--------------|---------------|--------------|-------------------------|-----------------------|-----------------------|---------------------------|
| | CY24 | CY25 | CY26 | CY27 | CY28* | CY29 (PY1)** | CY30 (PY2) | CY31 (PY3) | Effective CAGR |
| Total Acute Care Days | 14,962^ | 15,971 | 17,047 | 18,195 | 20,648 | 23,430 | 26,588 | 30,171 | 10.5% |
| Average Daily Census | 41.0 | 43.8 | 46.7 | 49.9 | 56.6 | 64.2 | 72.8 | 82.7 | |
| Licensed Beds | 48 | 48 | 48 | 48 | 94 | 94 | 94 | 94 | |
| Occupancy % | 85.4% | 91.2% | 97.3% | 103.9% | 60.2% | 68.3% | 77.5% | 87.9% | |

Source: Section Q, page 152.

* CY 2028 is a partial project year, beginning October 1, 2028.

** Project year.

^ CY 2024 acute care days at Atrium Health Union West are based on actual January – July 2024 utilization and annualized using historical seasonal utilization patterns from CY 2023.

As shown in the table below, Atrium Health Union hospital system is projected to have an occupancy rate of 101.5% for all existing, approved, and proposed acute care beds during the third full fiscal year of operation following project completion. Atrium Health Union hospital system exceeds the target occupancy percentage of 75.2%.

| Table 1-7: Atrium Health Union License Projected Acute Care Bed Utilization | | | | | | | | | |
|--|---------------|------------------|---------------|---------------|---------------|-----------------------|-----------------------|-----------------------|---------------------------|
| | CY24* | CY25 | CY26 | CY27 | CY28** | CY29 (PY1) | CY30 (PY2) | CY31 (PY3) | Effective CAGR |
| Atrium Health Union Acute Care Days | 53,875 | 55,121 | 56,395 | 57,699 | 59,032 | 60,397 | 60,627 | 60,627 | 1.7% |
| Atrium Health Union West Acute Care Days | 14,962 | 15,971 | 17,047 | 18,195 | 20,648 | 23,430 | 26,588 | 30,171 | 10.5% |
| Total Acute Care Days | 68,838 | 71,091 | 73,442 | 75,894 | 79,680 | 83,827 | 87,214 | 90,798 | 4.0% |
| Atrium Health Union Licensed Beds | 138 | 151 [^] | 151 | 151 | 151 | 151 | 151 | 151 | |
| Atrium Health Union West Licensed Bed | 48 | 48 | 48 | 48 | 94 | 94 | 94 | 94 | |
| Combined Average Daily Census | 188.6 | 194.8 | 201.2 | 207.9 | 218.3 | 229.7 | 238.9 | 248.8 | |
| Total Licensed Beds | 186 | 199 | 199 | 199 | 245 | 245 | 245 | 245 | |
| Combined Occupancy % | 101.4% | 97.9% | 101.1% | 104.5% | 89.1% | 93.7% | 97.5% | 101.5% | |

Source: Section Q, page 153.

* CY 2024 acute care days are based on actual January – July 2024 utilization and annualized using historical seasonal utilization patterns from CY 2023.

** CY 2028 is a partial project year, beginning October 1, 2028.

[^] Atrium Health Union is approved to develop 13 additional acute care beds pursuant to Project ID# F-12442-23.

Discharges were calculated by dividing the projected patient days by projected average length of stay (ALOS). The ALOS for Atrium Health Union and Atrium Health Union West have fluctuated from CY 2021 to CY 2024 (for Atrium Health Union) and CY 2022 to CY 2024 (for Atrium Health Union West) as shown in Table 1-9 below.

| Table 1-9: Atrium Health Union Facilities Historical Average Length of Stay | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY21 | CY22 | CY23 | CY24 |
| Atrium Health Union ALOS | 5.3 | 5.8 | 5.4 | 5.7 |
| Atrium Health Union West ALOS | | 4.4 | 4.1 | 3.9 |

Source: Section Q, page 154.

The applicant has taken the average of the ALOS for Atrium Health Union from CY 2021 to CY 2024 (5.6), and the average for Atrium Health Union West from CY 2022 to CY 2024 (4.1). The applicant then held these ALOS values constant through CY 2031, or the third full year of the proposed project. The applicant states that the slight increase in ALOS from CY 2021 through CY 2022 followed by the slight decrease in ALOS from CY 2022 through CY 2024 is due to lower acuity, short-stay patients moving out of inpatient setting into an outpatient setting and the acuity of the remaining patients was higher as was their length of stay. Also, COVID-19 impacted the applicant’s ability to discharge patients to a post-acute care setting and resulted in patients staying longer than clinically necessary for acute care

because they did not have an available post discharge destination. The applicant has developed and implemented strategies to address post-acute care placement. Therefore, the applicant believes the use of these average ALOS rates to project discharges at its Atrium Health Union campuses is reasonable

Projected Utilization – GI Endoscopy Rooms

In Section Q, pages 158-160, the applicant provides the assumptions and methodology used to project utilization for GI endoscopy rooms, which is summarized below.

The applicant proposes to develop one additional GI endoscopy at Atrium Health Union West, for a total of two GI endoscopy rooms at the campus. In Union County, the applicant also owns or operates one GI endoscopy room at Atrium Health Union in Monroe and two GI endoscopy rooms at Carolina Endoscopy Center–Monroe, a facility partially owned by the applicant.

The historical inpatient and outpatient GI endoscopy procedures at the three facilities from CY 2022 through CY 2024 annualized are shown in the table below.

| Table 4-1: CMHA Union County Facilities Historical GI Endoscopy Procedures | | | | |
|---|----------------|---------------|---------------|--------------|
| | CY22 | CY23 | CY24* | CAGR |
| Atrium Health Union Inpatient Procedures | 567 | 542 | 540 | -2.4% |
| Atrium Health Union Outpatient Procedures | 1,233 | 1,261 | 1,114 | -5.0% |
| Atrium Health Union Total Procedures | 1,800 | 1,803 | 1,654 | -4.1% |
| Atrium Health Union West Inpatient Procedures | 168** | 308 | 372 | 48.8% |
| Atrium Health Union West Outpatient Procedures | 1,234** | 2,048 | 2,806 | 50.8% |
| Atrium Health Union West Total Procedures | 1,402** | 2,356 | 3,178 | 50.6% |
| Carolina Endoscopy Center– Monroe Outpatient Procedures^ | 5,503 | 6,090 | 6,110 | 5.4% |
| Total Union County Procedures | 8,705 | 10,249 | 10,941 | 12.1% |

Source: Section Q, page 158.

* CY 2024 GI endoscopy procedures are based on actual January – July utilization and annualized using historical seasonal utilization patterns from CY 2023.

** Partial year of data. Atrium Health Union West opened in February 2022.

^ Carolina Endoscopy Center– Monroe only performs outpatient GI endoscopy procedures.

The applicant states that it chose to utilize different growth rates to project inpatient vs outpatient GI endoscopy procedures given the differing nature of the procedures. The applicant has utilized the projected CAGR of acute care days at Atrium Health Union (1.7 percent) and Atrium Health Union West (10.5 percent), respectively, from CY 2024 through CY 2031, as shown in Table 1-4 and Table 1-6. For outpatient GI endoscopy procedures, the applicant has utilized the NCOSBM projected population CAGR for Union County of 2.3 percent. The applicant states the assumptions result in a CY 2024 to CY 2031 CAGR of 5.9 percent for inpatient procedures, 2.3 percent for outpatient procedures, and 2.6 percent overall. The applicant states that these projections for all GI endoscopy procedures are conservative given the 2022 to 2024 CAGR of 12.1 percent for Union County GI endoscopy procedures overall. The applicant projects GI endoscopy procedures to be performed at its facilities in Union County as shown in the tables below.

| Table 4-2: CMHA Union County Facilities Projected GI Endoscopy Procedures | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|-----------------------|-----------------------|-----------------------|-------------|
| | CY24* | CY25 | CY26 | CY27 | CY28** | CY29 (PY1) | CY30 (PY2) | CY31 (PY3) | CAGR |
| Atrium Health Union Inpatient Procedures | 540 | 552 | 565 | 578 | 592 | 605 | 608 | 608 | 1.7% |
| Atrium Health Union Outpatient Procedures | 1,114 | 1,139 | 1,166 | 1,193 | 1,220 | 1,248 | 1,277 | 1,307 | 2.3% |
| Atrium Health Union Total Procedures | 1,654 | 1,692 | 1,731 | 1,771 | 1,812 | 1,854 | 1,885 | 1,914 | 2.1% |
| Atrium Health Union Inpatient Procedures | 372 | 397 | 424 | 452 | 513 | 583 | 661 | 750 | 10.5% |
| Atrium Health Union West Outpatient Procedures | 2,806 | 2,870 | 2,937 | 3,005 | 3,074 | 3,145 | 3,218 | 3,292 | 2.3% |
| Atrium Health Union West Total Procedures | 3,178 | 3,268 | 3,361 | 3,457 | 3,588 | 3,728 | 3,879 | 4,042 | 3.5% |
| Carolina Endoscopy Center–Monroe Procedures | 6,110 | 6,251 | 6,395 | 6,543 | 6,694 | 6,849 | 7,007 | 7,169 | 2.3% |
| Total Union County Procedures | 10,941 | 11,210 | 11,487 | 11,771 | 12,094 | 12,431 | 12,771 | 13,126 | 2.6% |

Source Section Q, page 159

* CY 2024 GI endoscopy procedures are based on actual January – July utilization and annualized using historical seasonal utilization patterns from CY 2023.

** CY 2028 is a partial project year, beginning October 1, 2028.

| Table 4-3: CMHA or a Related Entity Union County Owned or Operated Facilities Projected GI Endoscopy Procedures Total Rooms and Performance Standards | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|---------------|-----------------------|-----------------------|-----------------------|-------------|
| | CY24* | CY25 | CY26 | CY27 | CY28** | CY29 (PY1) | CY30 (PY2) | CY31 (PY3) | CAGR |
| Total Procedures | 10,941 | 11,210 | 11,487 | 11,771 | 12,094 | 12,431 | 12,771 | 13,126 | 2.6% |
| Total GI Endoscopy Rooms | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | |
| Procedures per GI Endoscopy Room | 2,735 | 2,803 | 2,872 | 2,943 | 2,419 | 2,486 | 2,554 | 2,625 | |

Source: Section Q, page 160.

* CY 2024 GI endoscopy procedures are based on actual January – July utilization and annualized using historical seasonal utilization patterns from CY 2023.

** CY 2028 is a partial project year, beginning October 1, 2028.

The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms in Licensed Health Service Facilities (10A NCAC 14C .3903) state that the applicant must “project to perform an average of at least 1,500 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the proposed project.” As shown above, the applicant meets the Performance Standards for Gastrointestinal Endoscopy Procedure Rooms in Licensed Health Service Facilities.

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

- The applicant states that it’s historical growth in utilization is the basis for the current need determination for 46 additional acute care beds in the 2024 SMFP for the Union County Acute Care Bed Service Area.
- The applicant’s utilization projections are based on the Union County projected population growth rate and the historical utilization of acute care and GI endoscopy services at its existing facilities.

Access to Medically Underserved Groups

In Section C, page 71, the applicant states:

“As noted in CMHA’s Non-Discrimination Policy Statement, ‘[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of Atrium Health on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.’ CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing –for all. This includes the medically underserved.”

The applicant provides the estimated percentage of total patients for each medically underserved group during the third full fiscal year, as shown in the following table.

| Group | Estimated Percentage of Total Patients during the Third Full Fiscal Year |
|------------------------------|---|
| Low income persons | |
| Racial and ethnic minorities | 25.7% |
| Women | 57.7% |
| Persons with disabilities | |
| Persons 65 and older | 27.0% |
| Medicare beneficiaries | 27.9% |
| Medicaid recipients | 17.2% |

Source: Section C, page 72.

In Section C, page 72, the applicant states that it does not maintain data on the number of low-income persons and disabled persons it serves and cannot reasonably estimate their percentage of total patients; however, the applicant also states neither low-income persons nor disabled persons are denied access to the proposed services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will provide service to all residents of the service area, including underserved groups, without regard for anything other than the need for acute care bed services.
- The applicant provides documentation of its existing policies regarding non-discrimination and financial access in Exhibit B.20-4 and L.4-1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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.

NA

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

In Section E, pages 85-86, 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 a Different Number of Beds and/or Other Services at Atrium Health Union West – The applicant states that developing a different number of acute care beds is less effective due to the high utilization of acute care services at Atrium Health Union West and necessitates that all 46 acute care beds be developed at Atrium Health Union West. The applicant states that the acute care beds and other services are necessary to support the continuing population growth and development activities of western Union County and that the alternative proposed is the most effective means of providing the most accessible and effective care to Atrium Health Union West’s patients.

Develop the 46 Acute Care Beds at Atrium Health Union – The applicant states that acute care utilization has grown for the entirety of the Atrium health Union license; however, Atrium Health Union West existing acute care bed utilization has grown particularly quickly to the point that it has had to operate in temporary bed overflow status since the lifting of the COVID-19 federal public health emergency in May 2023. Therefore, the applicant states that development of the some or all of the 46 acute care beds at Atrium Health Union would be a less effective alternative.

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 2024 SMFP need determination for 46 acute care beds in Union County.
- 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 the certificate of need application.**

- 2. The certificate holder shall develop no more than 46 additional acute care beds at Atrium Health Union West for a total of no more than 94 acute care beds upon completion of this project and Project ID# F-12440-23.**
 - 3. Upon completion of the project, Project ID# F-12440-23 and Project ID# F-12442-23, Atrium Health Union shall be licensed for no more than 249 acute care beds.**
 - 4. 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.**
 - 5. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on August 1, 2025.**
 - 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 proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI)

endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

Capital and Working Capital Costs

In Section Q, page 165, the applicant projects the total capital cost of the project as shown in the table below.

| | |
|---|----------------------|
| Site Preparation | \$2,186,000 |
| Construction/Renovation Contracts | \$64,886,000 |
| Landscaping | \$50,000 |
| Architect / Engineering Fees | \$5,076,000 |
| Medical Equipment | \$14,612,000 |
| Non Medical Equipment | \$1,502,000 |
| Furniture | \$1,057,000 |
| Consultant Fees (CON and Legal) | \$135,000 |
| Financing Costs | \$510,122 |
| Interest during Construction | \$5,021,634 |
| Other (IS, Security, Internal Allocation) | \$21,392,000 |
| Total | \$116,427,756 |

In Section Q, page 166, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Cost estimates are based on the applicant and the architect’s experience with similar projects.
- In Exhibit F.1, the applicant provides a proposed capital cost sheet, certified by a registered architect on September 19, 2024, stating the construction costs listed are complete and correct.

In Section F, pages 89-90, the applicant states there will be no start-up costs or initial operating expenses because the proposed project does not involve a new service or facility.

Availability of Funds

In Section F, page 87, the applicant states the entire projected capital expenditure of \$116,427,756 will be funded with CMHA’s accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated October 15, 2024, from the Executive Vice President and Chief Financial Officer for CMHA, stating that CMHA has sufficient accumulated reserves to fund the projected capital cost and is committed to providing that funding to develop the proposed project.

Exhibit F.2-2 contains a copy of Atrium Health’s Basic Financial Statements and Other Financial Information for the year ending December 31, 2023. According to the Basic

Financial Statements, as of December 31, 2023, Atrium Health had adequate cash and assets to fund all the capital needs of the proposed project.

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

- The applicant provides a letter from the appropriate CMHA official confirming the availability of the funding proposed for the capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project.

Form F.2b for the entire project represents the summation of all the proposed service components. On Form F.2b. for the total proposed project, 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 Union West Total Project | 1st Full FY | 2nd Full FY | 3rd Full FY |
|---|---------------------|---------------------|---------------------|
| | CY 2029 | CY 2030 | CY 2031 |
| Total Gross Revenues (Charges) | \$333,287,900 | \$366,931,773 | \$405,037,966 |
| Total Net Revenue | \$81,420,351 | \$89,802,831 | \$99,311,823 |
| Total Operating Expenses (Costs) | \$70,595,672 | \$77,747,041 | \$86,001,819 |
| Net Income | \$10,824,679 | \$12,055,790 | \$13,310,004 |

Source: Section Q, page 168.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 191. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant clearly details the sources of data used to project revenues and expenses.
- The applicant bases projections on his own historical experience.
- Forms F.2b for the GI Endo Rooms and the total project proposed for Atrium Health Union West shows a positive cash flow in all three project years following project completion.
- 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 proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

On page 31, the 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 43 of the 2024 SMFP shows that Atrium Health Union is the only facility in Union County with acute care beds. This includes the 40 acute care beds located at Atrium Health Union West.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2024 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “...*the county where the proposed GI endoscopy room will be developed.*” The facility will be developed in Union County. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 6D on page 92 of the 2024 SMFP shows there are four existing GI endoscopy rooms in Union County.

In Section G, page 99, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Union County. On page 81, the applicant states:

“The 2024 SMFP includes a need determination for 46 additional acute care beds in Union County. As the only existing acute care hospital in Union County, the need in the 2024 SMFP was generated exclusively by the highly utilized acute care services at Atrium Health Union, including acute care services at Atrium Health Union West. ...the development of all other service components for the proposed project, including additional observation beds, additional emergency department bays, one additional GI endoscopy room, one additional procedure room, and additional imaging capacity, are necessary in order to appropriately scale to the proposed size of Atrium Health Union West, and therefore are not duplicative of any existing services at either Atrium Health Union West or in Union County overall.”

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 acute care beds.
- The applicant is the only provider of acute care hospital services in Union County.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing or approved acute care beds.
- The applicant adequately demonstrates that the GI endoscopy room is necessary and not duplicative of services at either Atrium Health Union West or in Union County.

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14

additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

In Section Q, page 193, the applicant provides historical and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| Position | Historical FTE Staff (12/31/2023) | Projected FTE Staff | | |
|--|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | 1 st Full FY CY 2029 | 2 nd Full FY CY 2030 | 3 rd Full FY CY 2031 |
| | Registered Nurses | 79.1 | 153.5 | 169.0 |
| Certified Nurse Aides/Nursing Assistants | 20.2 | 35.6 | 39.7 | 44.3 |
| Licensed Practical Nurse | 5.0 | 9.3 | 10.6 | 12.0 |
| Technician | 19.3 | 31.3 | 33.3 | 35.4 |
| Clerical | 5.7 | 9.9 | 11.0 | 12.3 |
| Supervisory | 13.7 | 24.4 | 26.9 | 29.8 |
| Temporary Help | 17.5 | 19.9 | 23.5 | 27.6 |
| TOTAL | 160.4 | 283.8 | 314.0 | 348.1 |

The assumptions and methodology used to project staffing are provided in Section Q, page 194. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In pages 100-102, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- CMHA recruits staff using media outlets, school career fairs, professional job fairs, annually reviews hard-to-fill positions and initiate strategies to attract and recruit talent.
- The applicant has two schools of nursing within the System: Cabarrus College of Health Sciences and Carolinas College of Health Sciences.
- All staff are required to meet multiple performance standards and competency levels.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support

services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

Ancillary and Support Services

In Section I, page 104, the applicant identifies the necessary ancillary and support services for the proposed services. On page 104, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because Atrium Health Union West is an existing acute care hospital with ancillary and support services already in place to support the addition of the acute care beds and the additional GI endoscopy room.

Coordination

In Section I, page 105, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on their existing relationships with health care providers and their letters stating their support of the proposed project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

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

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

In Section K, page 108, the applicant states that the project involves constructing 65,200 square feet of new space and renovating 2,650 square feet of existing space. Line drawings are provided in Exhibit C.1.

On page 109, 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 states that the overall layout of the proposed new construction and renovation is based on a configuration that provides the most efficient circulation and throughput for the patients and caregivers in the facility.
- The exterior envelope will be a mixture of materials that provide energy efficiency, low maintenance, and aesthetics complementary of the surrounding buildings.
- Costs were derived from recent historical costs information using 3D cost modeling tool.

On page 109, 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 because the applicant states that it has set aside excess revenues from previous years to enable it to pay for projects such as the proposed project without requiring an increase in cost or charges to the public.

In Section B, pages 33-34, 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, page 112, the applicant provides the historical payor mix during CY 2023 for the proposed services, as shown in the table below.

| Atrium Health Union West Historical Payor Mix 01/01/2023 to 12/31/2023 | |
|---|-------------------------|
| Payor Category | Percent of Total |
| Self-Pay | 7.3% |
| Charity Care^ | |
| Medicare* | 27.9% |
| Medicaid* | 17.2% |
| Insurance* | 44.7% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Govt, Worker's Comp)^^ | 2.9% |
| Total | 100.0% |

*Including any managed care plans.

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

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

In Section L, page 113, the applicant provides the following comparison.

| Atrium Health Union West | Percentage of Total Patient Served by the Facility or Campus During the Last Full FY | Percentage of the Population of the Service Area |
|-------------------------------------|---|---|
| Female | 57.7% | 50.3% |
| Male | 42.2% | 49.7% |
| Unknown | 0.1% | 0.0% |
| 64 and Younger | 73.0% | 86.2% |
| 65 and Older | 27.0% | 13.8% |
| American Indian | 0.7% | 0.7% |
| Asian | 2.2% | 5.2% |
| Black or African-American | 19.5% | 12.9% |
| Native Hawaiian or Pacific Islander | 0.1% | 0.1% |
| White or Caucasian | 69.8% | 78.7% |
| Other Race | 3.3% | 2.4% |
| Declined/Unavailable | 4.4% | 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>. Just enter in the name of the county.

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 114, the applicant states:

“Atrium Health Union 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 Union 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 115, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against Atrium Health Union West.

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 115, the applicant projects the following payor mix for Atrium Health Union West and the proposed service component during the third full fiscal year of operation following completion of the project, as shown in the table below.

| Atrium Health Union West Projected Payor Mix 3rd Full FY, CY 2031 | |
|---|----------------------------------|
| Payor Category | Percent of Total Patients Served |
| Self-Pay | 7.3% |
| Charity Care^ | |
| Medicare* | 27.9% |
| Medicaid* | 17.2% |
| Insurance* | 44.7% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Govt, Worker's Comp)^^^ | 2.9% |
| Total | 100.0% |

*Including any managed care plans.

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

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.3% of total services at Atrium Health Union West will be provided to self-pay patients, 27.9% to Medicare patients and 17.2% to Medicaid patients.

| Atrium Health Union West Acute Care Beds Projected Payor Mix 3rd Full FY, CY 2031 | |
|--|----------------------------------|
| Payor Category | Percent of Total Patients Served |
| Self-Pay | 3.4% |
| Charity Care^ | |
| Medicare* | 57.6% |
| Medicaid* | 10.2% |
| Insurance* | 27.1% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Govt, Worker's Comp)^^^ | 1.7% |
| Total | 100.0% |

Source: Section L, page 116.

*Including any managed care plans.

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

^^Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for acute care beds services that 3.4% of total services will be provided to self-pay patients, 57.6% to Medicare patients and 10.2% to Medicaid patients.

| Atrium Health Union West GI Endoscopy Projected Payor Mix 3 rd Full FY, CY 2031 | |
|---|----------------------------------|
| Payor Category | Percent of Total Patients Served |
| Self-Pay | 3.5% |
| Charity Care [^] | |
| Medicare* | 45.6% |
| Medicaid* | 7.2% |
| Insurance* | 42.0% |
| Workers Compensation ^{^^} | |
| TRICARE ^{^^} | |
| Other (Govt, Worker's Comp) ^{^^} | 1.7% |
| Total | 100.0% |

Source: Section L, page 117.

*Including any managed care plans.

[^]CMHA internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.

^{^^}Workers Compensation, TRICARE, Department of Corrections, and other payors are included in the Other payor category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects for GI endoscopy services that 3.5% of total services will be provided to self-pay patients, 45.6% to Medicare patients and 7.2% to Medicaid patients.

On page 115, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the CY 2023 payor mix for the facility and the proposed service components. The applicant states that it is expecting the payor mix to shift due to the expansion of Medicaid coverage in North Carolina. The applicant is expecting an increase in the percentage of Medicaid patients which will come primarily from those patients currently classified as Self-Pay.

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

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

In Section M, page 121, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- CMHA's established relationships with health professional training programs, including Central Piedmont Community College, Queens University of Charlotte (including Presbyterian School of Nursing), University of North Carolina at Charlotte and Gardner-Webb University.
- CMHA's contractual agreement with University of North Carolina at Chapel Hill to manage the South Piedmont Area Health Education Center (AHEC), an organization that coordinates various educational programs and produces continuing medical education programming for employees of CMHA and other healthcare providers in an eight-county region.
- In Exhibit M.1, the applicant provides a list of Atrium Health's existing agreements with health professional training programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to add no more than 46 acute care beds to Atrium Health Union West pursuant to 2024 SMFP need determination. The applicant also proposes to develop 14 additional observation beds, 11 additional ED bays, one additional gastrointestinal (GI) endoscopy room, one additional procedure room, and additional ancillary and imaging service capacity.

On page 31, the 2024 SMFP defines the service area for acute care beds as “... *the single or multicounty grouping shown in Figure 5.1.*” Figure 5.1, on page 36, shows Union County as its own acute care bed service area. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 43 of the 2024 SMFP shows that Atrium Health Union is the only facility in Union County with acute care beds. This includes the 40 acute care beds located at Atrium Health Union West.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2024 SMFP does not define the service area for GI endoscopy procedure rooms. The Criteria and Standards for Gastrointestinal Endoscopy Procedure Rooms, promulgated in 10A NCAC 14C .3901(6), defines the service area as “*...the county where the proposed GI endoscopy room will be developed.*” The facility will be developed in Union County. Thus, the service area for this facility is Union County. Facilities may also serve residents of counties not included in their service area.

Table 6D on page 92 of the 2024 SMFP shows there are four existing GI endoscopy rooms in Union County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 123, the applicant states:

“Approval of additional healthcare services at Atrium Health Union West will enhance competition by providing sufficient capacity for Atrium Health Union West such that it can continue to compete for acute care patients.”

Regarding the impact of the proposal on cost effectiveness, in Section B, page 32, the applicant states:

“The proposed project is indicative of CMHA’s commitment to containing healthcare costs and maximizing healthcare benefit per dollar expended, while also ensuring that it develops the services and capacity to meet the needs of the population it serves. ...Union County is growing rapidly, and the services at Atrium Health Union West, have been highly utilized, services that include acute care. By expanding its capacity for care, Atrium Health Union West will be able to deliver better value for its patients while ensuring that the care provided is cost-effective for both patients and the healthcare system overall.

Further, Atrium Health Union West, as part of the larger CMHA and Advocate 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 Union West 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 28, the applicant states:

“The proposed project will serve to improve the quality of acute care services provided at Atrium Health Union West. At present, Atrium Health Union and Atrium Health Union West provide exceptional services as evidenced by the accolades cited above. However, ongoing capacity constraints can impede effective patient care. ...The proposed project will allow Atrium Health Union West to expand its acute care capacity, which in turn will allow Atrium Health Union West to better meet patient needs and expectations – thus

increasing overall quality and patient satisfaction and promoting competition for quality care in the region.”

See also Section 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:

“The proposed project will improve equitable access to healthcare services, including acute care services, in the service area. 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. The proposed project will continue to serve this population as dictated by the mission of CMHA, which is the foundation of every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing – for all. This includes the medically underserved. CMHA’s commitment to this mission is borne out not just in words, but in service to patients.”

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

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section Q, page 195, the applicant identifies the acute care hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 24 acute care hospitals located in North Carolina.

In Section O, page 128, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy did not occur in any of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred at two of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure Section and considering the quality of care provided at all 24 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

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

C

The application is conforming with all applicable Criteria and Standards for acute care beds and Gastrointestinal endoscopy rooms. The specific criteria are discussed below.

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- In Section Q, page 152, the applicant provides projected utilization of all 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

| Atrium Health Union West Projected Utilization | | | |
|---|-----------------------|-----------------------|-----------------------|
| | CY29 (PY1) | CY30 (PY2) | CY31 (PY3) |
| Total Acute Care Days | 23,430 | 26,588 | 30,171 |
| Average Daily Census | 64.2 | 72.8 | 82.7 |
| Licensed Beds | 94 | 94 | 94 |
| Occupancy % | 68.3% | 77.5% | 87.9% |

Source: Section Q, page 152.

- (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- In Section Q, page 152, the applicant projects an occupancy rate of 87.9% for all 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 exceeds the target occupancy percentage. 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- In Section Q, page 153, the applicant provides 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. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

| Atrium Health Union (Both Campuses) Projected Utilization | | | |
|--|-----------------------|-----------------------|-----------------------|
| | CY29 (PY1) | CY30 (PY2) | CY31 (PY3) |
| Atrium Health Union Acute Care Days | 60,397 | 60,627 | 60,627 |
| Atrium Health Union West Acute Care Days | 23,430 | 26,588 | 30,171 |
| Total Acute Care Days | 83,827 | 87,214 | 90,798 |
| Atrium Health Union Licensed Beds | 151 | 151 | 151 |
| Atrium Health Union West Licensed Bed | 94 | 94 | 94 |
| Combined Average Daily Census | 229.7 | 238.9 | 248.8 |
| Total Licensed Beds* | 245 | 245 | 245 |
| Combined Occupancy % | 93.7% | 97.5% | 101.5% |

Source: Section Q, page 153.

*Excludes 4 Level III neonatal at Atrium Health Union.

(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 or 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- In Section Q, page 153, the applicant projects an occupancy rate 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 of 101.5% that exceeds the target occupancy percentage. 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 148-155, 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.

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

10A NCAC 14C .3903 PERFORMANCE STANDARDS

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

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

- C- In Section C, page 76, the applicant states the service area is Union County.
- (2) *identify all existing and approved GI endoscopy rooms owned or operated by the applicant or a related entity located in the proposed service area;*
- C- In Section Q, page 158, the applicant identifies the GI endoscopy rooms it owns or operates in Union County. The applicant identified four existing GI endoscopy rooms in Union County: one at Atrium Health Union West, one at Atrium Health Union in Monroe, and two outpatient endoscopy rooms at Carolina Endoscopy Center–Monroe.
- (3) *provide projected utilization for each of the first three full fiscal years of operation following completion of the project for all GI endoscopy rooms identified in Item (2) of this Rule;*
- C- In Section Q, page 159, the applicant projects utilization for the first three full fiscal years of operations following completion of the project for all GI endoscopy rooms identified in Item (2) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

| CMHA Union County Projected Utilization | | | |
|--|-----------------------|-----------------------|-----------------------|
| | CY29 (PY1) | CY30 (PY2) | CY21 (PY3) |
| Atrium Health Union Total Procedures | 1,854 | 1,885 | 1,914 |
| Atrium Health Union West Total Procedures | 3,728 | 3,879 | 4,042 |
| Carolina Endoscopy Center– Monroe Procedures | 6,849 | 7,007 | 7,169 |
| Total Procedures | 12,431 | 12,771 | 13,126 |
| Total GI Endoscopy Rooms | 5 | 5 | 5 |
| Procedures per GI Endoscopy Room | 2,486 | 2,554 | 2,625 |

- (4) *project to perform an average of at least 1,500 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the project in the GI endoscopy rooms identified in Item (2) of this Rule; and*
- C- In Section Q, page 159, the applicant projects 2,625 GI endoscopy procedures per GI endoscopy room during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.
- (5) *provide the assumptions and methodology used to project the utilization required by this Rule.*
- C- In Section Q, pages 158-160, the applicant provides the assumptions and methodology used to project the utilization required by this rule. The discussion regarding projected utilization and performance standards found in Criterion (3) is incorporated herein by reference.