

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 22, 2025

Findings Date: September 22, 2025

Project Analyst: Yolanda W. Jackson

Primary Co-Signer: Michael J. McKillip

COMPETITIVE REVIEW

Project ID #: G-12638-25
Facility: Cone Health Mebane Hospital
FID #: 250359
County: Alamance
Applicants: Alamance Regional Medical Center, Inc.
Project: Develop a new hospital with no more than 46 acute care beds pursuant to the 2025 SMFP need determination

Project ID #: G-12641-25
Facility: Duke Novant Mebane Hospital
FID #: 250366
County: Alamance
Applicants: Alamance Health Company, LLC
Duke University Health Systems, Inc.
Novant Health, Inc.
Project: Develop a new hospital with no more than 46 acute care beds pursuant to the 2025 SMFP need determination

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

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 – Both Applications

Need Determination

The 2025 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional acute care beds in North Carolina by service area. Application of the need methodology in the 2025 SMFP identified a need for 46 additional acute care beds in Alamance County. Two applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) proposing to develop a total of 92 new acute care beds. However, pursuant to the need determination, only 46 acute care beds may be approved in this review.

Policies

Two policies in Chapter 4 of the 2025 SMFP are applicable to the applications received in response to the need determination.

Only qualified applicants can be approved to develop new acute care beds. On page 36, the 2025 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 page 37 of the 2025 SMFP].”*

Policies – There are two policies in the 2025 SMFP which are applicable to this review.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2025 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

Policy GEN-4 applies to all applicants in this review.

Policy GEN-5: Access to Culturally Competent Healthcare, on pages 30-31 of the 2025 SMFP, states:

“A certificate of need (CON) applicant applying to offer or develop 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 provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity. CON applications will include the following:

The applicant shall, in its CON application, address each of the items enumerated below:

Item 1: *Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be described in terms including, but not*

limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.

Item 2: *Describe strategies it will implement to provide culturally competent services to members of the medically underserved community described in Item 1.*

Item 3: *Document how the strategies described in Item 2 reflect cultural competence.*

Item 4: *Provide support (e.g., best-practice methodologies, evidence-based studies with similar communities) that the strategies described in Items 2 – 3 are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities within the relevant service area.*

Item 5: *Describe how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.”*

Policy *GEN-5* applies to all applicants in this review.

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

Alamance Regional Medical Center, Inc. (hereinafter referred to as “ARMC, Inc.”, “Cone Health” or “the applicant”) proposes to develop a new acute care hospital, Cone Health Mebane Hospital, with no more than 46 acute care beds, pursuant to the 2025 SMFP need determination.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Alamance County. In Section B, page 26, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 28-29, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Policy GEN-5. In Section B, pages 30-36, the applicant describes the describes how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because the applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-5 based on the following:
 - The applicant adequately describes the demographics of Alamance County with a specific focus on the medically underserved.
 - The applicant adequately describes the strategies it will implement to provide culturally competent services to members of the medically underserved community.
 - The applicant adequately describes how its strategies reflect cultural competence.
 - The applicant adequately provides support that its strategies are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities in the service area.
 - The applicant adequately describes how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

Alamance Health Company, LLC, Duke University Health System, Inc. (“DUHS”) and Novant Health, Inc. (“Novant Health”) (hereinafter collectively referred to as “the applicant”) propose to develop a new acute care hospital, Duke Novant Mebane Hospital, with no more than 46 acute care beds, pursuant to the 2025 SMFP need determination.

Need Determination. The applicant does not propose to develop more acute care beds than are determined to be needed in Alamance County. In Section B, page 24, the applicant adequately demonstrates that it meets the requirements of a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.

Policy GEN-4. The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 29-30, the applicant describes the project’s plan to improve energy efficiency and conserve water.

Policy GEN-5. In Section B, pages 31-36, the applicant describes the describes how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.
- The applicant adequately demonstrates it is a “qualified applicant” as defined in Chapter 5 of the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because the applicant adequately demonstrates that the application includes a written statement describing the project’s plan to ensure improved energy efficiency and water conservation.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-5 based on the following:
 - The applicant adequately describes the demographics of Alamance County with a specific focus on the medically underserved.
 - The applicant adequately describes the strategies it will implement to provide culturally competent services to members of the medically underserved community.
 - The applicant adequately describes how its strategies reflect cultural competence.
 - The applicant adequately provides support that its strategies are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities in the service area.

- The applicant adequately describes how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.
- (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 – Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination. The applicant proposes to construct the hospital in a building adjacent to MedCenter Mebane, an existing outpatient center. The applicant states that the existing operating rooms at MedCenter Mebane, which are licensed as part of ARMC, will shift to Cone Health Mebane Hospital as a part of the proposed project.

In Section C, page 39, the applicant states that the proposed project involves the development of the following:

- 46 licensed acute care beds;
- Seven unlicensed observation beds;
- Three labor delivery and recovery (LDR) rooms;
- Three licensed operating rooms (shifted from MedCenter Mebane);
- Two procedure rooms;
- One dedicated C-section room;
- 15 emergency department (ED) treatment rooms;
- Imaging Services including one fixed CT scanner with cardiac capabilities; four X-ray units (two fixed, two portable); two ultrasound units; one nuclear medicine (SPECT-CT) unit; and one echocardiography unit. A mobile technology pad will be located outside the imaging and emergency departments to allow for mobile MRI services.

Patient Origin

On page 33, the 2025 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 38, shows Alamance County as its own acute care bed service area. Cone Health Mebane Hospital will be located in Alamance County. Thus, the service area for this facility is Alamance County. Facilities may also serve residents of counties not included in their service area.

The applicant proposes to develop 46 acute care beds at a new facility. Additionally, the project includes the shift of three existing operating rooms (ORs) from the Mebane Surgery Center at MedCenter Mebane, the existing outpatient hospital campus that is licensed as part of ARMC. The following tables illustrate historical patient origin for the ambulatory surgical services component for the Mebane Surgery Center at MedCenter Mebane and the historical patient origin for the ARMC License.

| Ambulatory Surgical Services^ | Mebane Surgery Center at MedCenter Mebane | |
|-------------------------------|---|---------------|
| | Last Full FY | |
| | 10/01/2023 to 9/30/2024 | |
| County | Number of Patients | % of Total |
| Alamance | 3,259 | 76.9% |
| Guilford | 475 | 11.2% |
| Randolph | 131 | 3.1% |
| Rockingham | 90 | 2.1% |
| Orange | 79 | 1.9% |
| Caswell | 74 | 1.7% |
| Other^^ | 132 | 3.1% |
| Total | 4,239 | 100.0% |

Source: Section C, page 42.

^Includes outpatient surgery and procedure cases performed in the existing operating rooms at the Mebane Surgery Center at MedCenter Mebane, licensed as part of ARMC.

^^Other includes Chatham, Person, Durham, Granville, Wake, Davidson, Forsyth, Carteret, Davie, Lee, Other NC counties, and Other States.

| Entire Facility or Campus | Alamance Regional Medical Center (License) | |
|---------------------------|--|---------------|
| | Last Full FY | |
| | 10/01/2023 to 9/30/2024 | |
| County | Number of Patients | % of Total |
| Alamance | 143,348 | 77.4% |
| Guilford | 25,104 | 13.5% |
| Randolph | 4,486 | 2.4% |
| Caswell | 2,330 | 1.3% |
| Rockingham | 2,272 | 1.2% |
| Orange | 1,683 | 0.9% |
| Other^^ | 6,061 | 3.3% |
| Total | 185,284 | 100.0% |

Source: Section C, page 43.

^^Other includes Durham, Chatham, Wake, Person, Forsyth, Davidson, Granville, Other NC counties, and Other States.

The following tables illustrate the projected patient origin for inpatient services, ambulatory surgical services, ED outpatient services, outpatient imaging services and the ARMC license.

| Inpatient Services^ | Cone Health Mebane Hospital | | | | | |
|---------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | CY2030 | | CY2031 | | CY2032 | |
| County | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Alamance | 1,686 | 86.8% | 2,384 | 86.8% | 1,008 | 86.8% |
| Orange | 61 | 3.2% | 88 | 3.2% | 954 | 3.2% |
| Other^^ | 194 | 10.0% | 275 | 10.0% | 567 | 10.0% |
| Total | 1,942 | 100.0% | 2,747 | 100.0% | 3,039 | 100.0% |

Source: Section C, page 45.

^Inpatient services include acute care services, inpatient surgical services, and inpatient imaging services.

^^Other is expected to be comprised largely of in-migration from other zip codes in Alamance County and surrounding counties; given that I-40/85 traverses Alamance County, through Mebane, some patients may originate from throughout NC and other states.

| Ambulatory Surgical Services^ | Cone Health Mebane Hospital | | | | | |
|-------------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | CY2030 | | CY2031 | | CY2032 | |
| County | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Alamance | 4,361 | 77.8% | 4,665 | 78.1% | 4,851 | 78.2% |
| Guilford | 569 | 10.2% | 586 | 9.8% | 603 | 9.7% |
| Randolph | 157 | 2.8% | 161 | 2.7% | 166 | 2.7% |
| Orange | 111 | 2.0% | 121 | 2.0% | 126 | 2.0% |
| Rockingham | 107 | 1.9% | 110 | 1.8% | 114 | 1.8% |
| Caswell | 88 | 1.6% | 91 | 1.5% | 93 | 1.5% |
| Chatham | 39 | 0.7% | 40 | 0.7% | 41 | 0.7% |
| Other^^ | 172 | 3.1% | 197 | 3.3% | 209 | 3.4% |
| Total | 5,604 | 100.0% | 5,971 | 100.0% | 6,203 | 100.0% |

Source: Section C, page 45.

^Includes outpatient operating rooms and procedure room cases.

^^Other includes Durham, Granville, Wake, Davidson, Forsyth, Carteret, Davie, Lee, New Hanover, Stanly, Other NC counties, and Other States.

| ED Outpatient Services^ | Cone Health Mebane Hospital | | | | | |
|-------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | CY2030 | | CY2031 | | CY2032 | |
| County | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Alamance | 8,057 | 86.8% | 11,392 | 86.8% | 12,595 | 86.8% |
| Orange | 293 | 3.2% | 420 | 3.2% | 472 | 3.2% |
| Other^^ | 928 | 10.0% | 1,312 | 10.0% | 1,452 | 10.0% |
| Total | 9,277 | 100.0% | 13,124 | 100.0% | 14,519 | 100.0% |

Source: Section C, page 46.

^ED Outpatient Services includes Ed outpatient and observation patients.

^^Other is expected to be comprised largely of in-migration from other zip codes in Alamance County and surrounding counties; given that I-40/85 traverses Alamance County, through Mebane, some patients may originate from throughout NC and other states.

| Outpatient Imaging Services | Cone Health Mebane Hospital | | | | | |
|-----------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | CY2030 | | CY2031 | | CY2032 | |
| County | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Alamance | 9,962 | 86.8% | 14,085 | 86.8% | 15,573 | 86.8% |
| Orange | 362 | 3.2% | 520 | 3.2% | 583 | 3.2% |
| Other^^ | 1,147 | 10.0% | 1,623 | 10.0% | 1,795 | 10.0% |
| Total | 11,471 | 100.0% | 16,227 | 100.0% | 17,951 | 100.0% |

Source: Section C, page 46.

^^Other is expected to be comprised largely of in-migration from other zip codes in Alamance County and surrounding counties; given that I-40/85 traverses Alamance County, through Mebane, some patients may originate from throughout NC and other states.

| Entire Facility or Campus | Alamance Regional Medical Center (License) | | | | | |
|---------------------------|--|---------------|----------------|---------------|----------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | CY2030 | | CY2031 | | CY2032 | |
| County | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Alamance | 174,157 | 77.4% | 179,251 | 77.4% | 184,494 | 77.4% |
| Guilford | 30,499 | 13.5% | 31,392 | 13.5% | 32,310 | 13.5% |
| Randolph | 5,450 | 2.4% | 5,610 | 2.4% | 5,774 | 2.4% |
| Caswell | 2,831 | 1.3% | 2,914 | 1.3% | 2,999 | 1.3% |
| Rockingham | 2,760 | 1.2% | 2,841 | 1.2% | 2,924 | 1.2% |
| Orange | 2,045 | 0.9% | 2,105 | 0.9% | 2,166 | 0.9% |
| Other^^ | 7,364 | 3.3% | 7,579 | 3.3% | 7,801 | 3.3% |
| Total | 225,106 | 100.0% | 231,691 | 100.0% | 238,468 | 100.0% |

Source: Section C, page 47.

^^Other includes Durham, Chatham, Wake, Person, Forsyth, Davidson, Granville, Other NC counties, and Other States.

In Section C, page 44, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states projected patient origin is based on historical patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The projected patient origin is comprised of select ZIP codes in Mebane and surrounding areas in Alamance County, patients originating from outside the service area as in-migration, and market capture.
- The applicant's projected patient origin for inpatient services, ED outpatient services, and outpatient imaging services are based on the historical patient origin of the acuity-appropriate patients currently being served at ARMC's main campus who are projected to shift to the proposed Cone Health Mebane Hospital.
- The applicant's projected patient origin for ambulatory services is based on a blend of the historical patient origin for outpatient surgery at MedCenter Mebane (Mebane Surgery Center) and inpatient and outpatient surgery at the ARMC main campus.

Analysis of Need

In Section C, pages 48-58, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- **Population Growth and Aging in Alamance County and the Mebane service area.** According to data from the North Carolina Office of State Budget and Management (NC OSBM), Alamance County's population grew 7.5 percent between 2020 and 2025, adding roughly 12,907 residents. According to data from NC OSBM, Alamance County's population age 65 and over grew 3.0 percent annually from 2020 to 2025, increasing from 28,684 to 33,265 residents. The Mebane service area has experienced significant growth and development and this growth is expected to continue. The applicant states that Alamance County and the Mebane service area need to expand their healthcare capacity to accommodate current and future population growth.
- **The Need for Additional Acute Care Bed Capacity and Hospital-Based Services in Alamance and Mebane service area.** The 2025 SMFP identifies a need for 46 additional acute care beds in Alamance County based on the application of the acute care bed need methodology. The applicant states that additional acute care beds are needed to support the growing demand for acute care services in Alamance County and particularly in the Mebane service area. The applicant states that currently patients receiving care at Cone Health facilities in Mebane's growing community must travel to ARMC for acute care services and developing acute care capacity and supporting hospital-based services in Mebane would address capacity pressures at ARMC and better serve local residents.

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

- The applicant provides historical data demonstrating increasing utilization of acute care beds at ARMC.
- The applicant identifies challenges at ARMC that support its belief that additional acute care bed capacity is needed in Alamance County and the Mebane service area to mitigate constraints on the ARMC campus, such as the high occupancy of its medical-surgical beds which has resulted in delays in moving patients from the emergency department to inpatient beds and the physical constraints of the ARMC campus which creates obstacles for continued expansion at that location.
- 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.

Projected Utilization

On Forms C.1a, C.1b, C.2b, C.3a, C.3b, C.4b in Section Q, the applicant provides historical and projected utilization, as illustrated in the following tables.

| ARMC (Main Campus) Acute Care Beds Historical and Interim Utilization | | | | | | | |
|--|--|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--|
| | Last Full FY 10/1/2023- 9/30/2024 | Stub Year 10/1/2024- 12/31/2024 | Interim Full FY CY2025 | Interim Full FY CY2026 | Interim Full FY CY2027 | Interim Full FY CY2028 | Interim Full FY 1/1/2029- 3/31/2029 |
| # of Beds | 170 | 170 | 170 | 170 | 170 | 170 | 170 |
| # of Discharges | 10,324 | 2,944 | 11,125 | 11,450 | 11,785 | 12,130 | 3,121 |
| # of Patient Days | 47,698 | 13,086 | 49,452 | 50,899 | 52,387 | 53,920 | 13,874 |
| ALOS | 4.6 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| Occupancy Rate | 76.9% | 83.7% | 79.7% | 82.0% | 84.4% | 86.9% | 89.4% |

Source: Section Q, Form C.1a, page 117.

Note: ALOS = Average Length of Stay

| ARMC (Main Campus) Acute Care Beds Projected Utilization | | | | |
|---|---|------------------------------|------------------------------|------------------------------|
| | Partial FY 4/01/2029- 12/31/2029 | 1st Full FY CY2030 | 2nd Full FY CY2031 | 3rd Full FY CY2032 |
| # of Beds | 170 | 170 | 170 | 170 |
| # of Discharges | 8,705 | 11,194 | 10,902 | 11,061 |
| # of Patient Days | 38,926 | 50,336 | 49,269 | 50,056 |
| ALOS | 4.5 | 4.5 | 4.5 | 4.5 |
| Occupancy Rate | 83.6% | 81.1% | 79.4% | 80.7% |

Source: Section Q, Form C.1b, page 118.

| ARMC (Total License) Acute Care Beds Projected Utilization | | | | |
|---|---|------------------------------|------------------------------|------------------------------|
| | Partial FY 4/01/2029- 12/31/2029 | 1st Full FY CY2030 | 2nd Full FY CY2031 | 3rd Full FY CY2032 |
| # of Beds | 216 | 216 | 216 | 216 |
| # of Discharges | 9,471 | 13,136 | 13,649 | 14,100 |
| # of Patient Days | 42,063 | 58,293 | 60,525 | 62,509 |
| ALOS | 4.4 | 4.4 | 4.4 | 4.4 |
| Occupancy Rate | 71.1% | 73.9% | 76.8% | 79.3% |

Source: Section Q, Form C.1b, page 119.

| Cone Health Mebane Hospital Acute Care Beds Projected Utilization | | | | |
|---|--|-----------------------|-----------------------|-----------------------|
| | Partial FY 4/01/2029- 12/31/2029 | 1st Full FY CY2030 | 2nd Full FY CY2031 | 3rd Full FY CY2032 |
| # of Beds | 46 | 46 | 46 | 46 |
| # of Discharges | 1,021 | 1,942 | 2,747 | 3,039 |
| # of Patient Days | 4,182 | 7,957 | 11,256 | 12,452 |
| ALOS | 4.1 | 4.1 | 4.1 | 4.1 |
| Occupancy Rate | 33.2% | 47.4% | 67.0% | 74.2% |

Source: Section Q, Form C.1b, page 120.

| Cone Health Mebane Hospital Medical Equipment Projected Utilization | | | | |
|---|---------------------------------------|-----------------------|-----------------------|-----------------------|
| | Partial FY 4/1/2029- 12/31/2029 | 1st Full FY CY2030 | 2nd Full FY CY2031 | 3rd Full FY CY2032 |
| CT Scanner | | | | |
| # of Units | 1 | 1 | 1 | 1 |
| # of Scans | 2,927 | 5,568 | 7,877 | 8,714 |
| X-ray (includes two portable) | | | | |
| # of Units | 4 | 4 | 4 | 4 |
| # of Procedures | 2,854 | 5,429 | 7,680 | 8,496 |
| MRI Scanner | | | | |
| # of Units | Mobile | Mobile | Mobile | Mobile |
| # of Procedures | 863 | 1,642 | 2,323 | 2,569 |
| # of Weighted Procedures | 1,073 | 2,041 | 2,887 | 3,194 |
| Nuclear Medicine | | | | |
| # of Units | 1 | 1 | 1 | 1 |
| # of Procedures | 224 | 426 | 603 | 667 |
| Ultrasound | | | | |
| # of Units | 2 | 2 | 2 | 2 |
| # of Procedures | 988 | 1,879 | 2,659 | 2,941 |
| Echocardiogram | | | | |
| # of Units | 1 | 1 | 1 | 1 |
| # of Procedures | 336 | 638 | 903 | 999 |

Source: Section Q, Form C.2b, page 121.

| Mebane Surgery Center at Med Center Mebane Surgical Services Historical and Interim Utilization | | | | | | | |
|--|--|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Last Full FY 10/1/2023- 9/30/2024 | Stub Year 10/1/2024- 12/31/2024 | Interim Full FY CY2025 | Interim Full FY CY2026 | Interim Full FY CY2027 | Interim Full FY CY2028 | Interim Full FY CY2029 |
| Operating Rooms | | | | | | | |
| Dedicated Ambulatory ORs | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total # ORs | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Adjusted Planning Inventory | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Surgical Cases | | | | | | | |
| # Inpatient Surgical Cases | | | | | | | |
| # Outpatient Surgical Cases | 4,239 | 955 | 4,395 | 4,523 | 4,656 | 4,792 | 1,233 |
| Total Surgical Cases | 4,239 | 955 | 4,395 | 4,523 | 4,656 | 4,792 | 1,233 |
| Case Times | | | | | | | |
| Inpatient | | | | | | | |
| Outpatient | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Surgical Hours | | | | | | | |
| Inpatient | | | | | | | |
| Outpatient | 7,065 | 1,592 | 7,325 | 7,539 | 7,760 | 7,987 | 2,055 |
| Total Surgical Hours | 7,065 | 1,592 | 7,325 | 7,539 | 7,760 | 7,987 | 2,055 |
| # of ORs Needed | | | | | | | |
| Group Assignment | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Standard Hours per OR per Year | 1,755 | 1,755 | 1,755 | 1,755 | 1,755 | 1,755 | 439 |
| Total Surgical Hours/Standard Hours per OR per Year | 4.0 | 3.6 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Source: Section Q, Form C.3a, page 123.

| Cone Health Mebane Hospital Surgical Services Projected Utilization | | | | |
|---|--------------------------|-------------|-------------|-------------|
| | Partial FY | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | 4/01/2029- 12/31/2029 | CY2030 | CY2031 | CY2032 |
| Operating Rooms | | | | |
| Dedicated C-Section ORs | 1 | 1 | 1 | 1 |
| Other Dedicated Inpatient ORs | 3 | 3 | 3 | 3 |
| Total # ORs | 4 | 4 | 4 | 4 |
| Adjusted Planning Inventory | 4 | 4 | 4 | 4 |
| Surgical Cases | | | | |
| # of C-Sections Performed in Dedicated C-Section ORs | 38 | 72 | 102 | 112 |
| # Inpatient Surgical Cases | 130 | 247 | 349 | 386 |
| # Outpatient Surgical Cases | 1,610 | 2,356 | 2,628 | 2,762 |
| Total Surgical Cases | 1,739 | 2,603 | 2,977 | 3,148 |
| Case Times | | | | |
| Inpatient | 132 | 132 | 132 | 132 |
| Outpatient | 100 | 100 | 100 | 100 |
| Surgical Hours | | | | |
| Inpatient | 285 | 543 | 768 | 849 |
| Outpatient | 2,683 | 3,926 | 4,380 | 4,604 |
| Total Surgical Hours | 2,968 | 4,469 | 5,148 | 5,453 |
| # of ORs Needed | | | | |
| Group Assignment | 3 | 3 | 3 | 3 |
| Standard Hours per OR per Year | 1,755 | 1,755 | 1,755 | 1,755 |
| Total Surgical Hours/Standard Hours per OR per Year | 1.7 | 2.5 | 2.9 | 3.1 |
| Procedure Rooms | | | | |
| # of Rooms | 2 | 2 | 2 | 2 |
| # of Inpatient Procedures | - | - | - | - |
| # of Outpatient Procedures | 2,367 | 3,248 | 3,343 | 3,440 |
| Total Procedures | 2,367 | 3,248 | 3,343 | 3,440 |
| Average # of Procedures per Room | 1,183 | 1,624 | 1,671 | 1,720 |

Source: Section Q, Form C.3b, page 124.

| Cone Health Mebane Hospital Other Hospital Services Projected Utilization | | | | |
|---|-------------------------|-------------|-------------|-------------|
| | Partial FY | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | 4/1/2029- 12/31/2029 | CY2030 | CY2031 | CY2032 |
| Emergency Department | | | | |
| # of Treatment Rooms | 15 | 15 | 15 | 15 |
| # of Visits | 5,418 | 10,307 | 14,580 | 16,129 |
| Observation Beds (unlicensed) | | | | |
| # of Beds | 7 | 7 | 7 | 7 |
| Days of Care | 327 | 623 | 881 | 975 |
| Laboratory | | | | |
| Tests | 48,606 | 92,471 | 130,812 | 144,710 |
| Pharmacy | | | | |
| Units | 809,153 | 1,539,382 | 2,177,663 | 2,409,030 |
| Physical Therapy | | | | |
| Treatments | 3,599 | 6,846 | 9,685 | 10,714 |
| Speech Therapy | | | | |
| Treatments | 860 | 1,636 | 2,314 | 2,560 |
| Occupational Therapy | | | | |
| Treatments | 1,614 | 3,071 | 4,344 | 4,805 |
| Other (Respiratory Therapy) | | | | |
| Units (Treatments) | 3,082 | 5,864 | 8,295 | 9,177 |

Source: Section Q, Form C.4b, page 125.

In Section Q, pages 126-155, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Section I: Define Cone Health Mebane Hospital's Service Area

The applicant states that the service area for the proposed hospital is divided into two distinct zones: the primary service area (PSA) which is limited to Mebane's ZIP code 27302, and the secondary service area (SSA) includes three adjacent ZIP codes which are listed in the table below.

| Service Area |
|--------------------|
| PSA |
| 27302 (Mebane) |
| SSA |
| 27217 (Burlington) |
| 27258 (Haw River) |
| 27253 (Graham) |

Source: Section Q, page 127.

Section II: Project Acute Care Bed Utilization

Project Acute Care Days to Shift from ARMC to Cone Health Mebane Hospital

Step 1: Project Acuity-Appropriate Acute Care Days at ARMC from Mebane Area Prior to Shift.

The applicant used the historical acuity-appropriate acute care days at ARMC originating from the Mebane service area to project acute care utilization at the proposed facility. The applicant states that “acuity-appropriate acute care days” refers to patients whose clinical needs match the level of care that would be provided at the proposed facility based on Medicare Severity Diagnosis Related Groups (MS-DRGs) determined to be appropriate by its clinical and operational leaders. The table below illustrates ARMC’s historical acuity-appropriate acute care days from the Mebane service area from CY2019 to CY2024.

| Historical Acuity-Appropriate Acute Care Days at ARMC from the Mebane Service Area | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------------|
| | CY19 | CY20 | CY21 | CY22 | CY23 | CY24^ | CY19- CY24 CAGR* |
| PSA | 2,625 | 2,415 | 2,553 | 2,698 | 2,863 | 3,132 | 3.6% |
| SSA | 12,626 | 12,859 | 14,709 | 15,288 | 13,172 | 14,488 | 2.8% |
| PSA/SSA Total | 15,251 | 15,274 | 17,262 | 17,986 | 16,035 | 17,620 | 2.9% |

Source: Section Q, p. 128.

^Annualized based on January to June data

*Compound annual growth rate

The table above shows an overall compound annual growth rate (CAGR) of 2.9 percent for the Mebane service area from CY2019 to CY2024. The applicant assumes that acuity-appropriate acute care days at ARMC from the Mebane service area will grow at a CAGR of 2.9 percent through Project Year 3. The applicant states this rate is consistent with the historical growth rate specific to acuity-appropriate days at ARMC from the Mebane service area illustrated above and conservative given the 2025 SMFP growth rate of 5.9 percent for Alamance County is based on ARMC data, Alamance County’s only acute care hospital.

The table below illustrates the projections (before any shift) through CY2032, based on the 2.9 percent CAGR.

| Projected Acuity-Appropriate Acute Care Days at ARMC from the Mebane Service Area Prior to the Shift | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | CY32 |
| PSA | 3,224 | 3,318 | 3,415 | 3,515 | 3,618 | 3,723 | 3,832 | 3,944 |
| SSA | 14,912 | 15,348 | 15,797 | 16,259 | 16,735 | 17,224 | 17,728 | 18,246 |
| PSA/SSA Total | 18,135 | 18,666 | 19,212 | 19,774 | 20,352 | 20,947 | 21,560 | 22,191 |

Source: Section Q, page 129.

Step 2: Shift a Portion of Projected Acuity-Appropriate Acute Care Days at ARMC from Mebane Service Area to Cone Health Mebane Hospital.

The applicant used Google Maps to compare the average amount of time in minutes it would take a patient to drive to the proposed Cone Health Mebane Hospital from each of the four ZIP codes in the service area, compared to ARMC as illustrated in the table below.

| Drivetimes (in Minutes) from Service Area to Cone Health Mebane Hospital and ARMC (non-peak*) | | |
|--|--|-------------|
| ZIP Code | Cone Health Mebane Hospital | ARMC |
| PSA | | |
| 27302 | 6 | 22 |
| SSA | | |
| 27258 | 13 | 16 |
| 27253 | 21 | 25 |
| 27217 | 20 | 21 |

Source: Section Q, page 129; Google Maps.

*Accessed on February 10, 2025. Non-peak time was shortest time for typical drive on weekdays at 11:00 a.m. Drivetimes are calculated from the geographic center of each ZIP code.

The applicant states that the table above shows that Cone Health Mebane Hospital is a considerably shorter drive time from the geographic center of the PSA ZIP code. The applicant states that the difference in drive time from the geographic center of each SSA ZIP code is less significant. However, the residents in the eastern portions of these SSA ZIP codes face longer travel times to ARMC. The applicant states that patients from both the PSA and SSA seeking Cone Health hospital services must travel west to Burlington, where ARMC is located, via I-40, a major interstate corridor that is one of the busiest in the state on the stretch that traverses Alamance County and during peak traffic hours, travel times can increase substantially.

The applicant projects that 80 percent of acuity-appropriate PSA residents who would otherwise seek care at ARMC will shift to Cone Health Mebane Hospital following the proposed project due to improved access and convenience, while some patients may still prefer the Burlington location. The applicant projects that 40 percent of acuity-appropriate SSA residents will shift from ARMC to Cone Health Mebane Hospital based on the equidistant nature of the SSA ZIP codes between the facilities.

| Acuity-Appropriate Acute Care Days at ARMC from the Mebane Service Area Projected to Shift to Cone Health Mebane Hospital | | | | | |
|--|-----------------------------|--------------|--------------|---------------|---------------|
| | Shift Percentage | CY29 | CY30 | CY31 | CY32 |
| PSA | 80% | 2,894 | 2,979 | 3,066 | 3,156 |
| SSA | 40% | 6,694 | 6,890 | 7,091 | 7,299 |
| PSA/SSA Total | | 9,588 | 9,868 | 10,157 | 10,454 |

Source: Section Q, page 130.

Project Market-Based Acute Care Days at Cone Health Mebane Hospital

Step 1: Project Acuity-Appropriate Acute Care Days from the Mebane Service Area.

The applicant used the historical acuity-appropriate acute care days originating from the Mebane service area to project acute care utilization at the proposed facility as illustrated in the table below.

| Historical Acuity-Appropriate Acute Care Days from the Mebane Service Area | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|
| | CY19 | CY20 | CY21 | CY22 | CY23 | CY24^ | CY19- CY24 CAGR |
| PSA | 8,953 | 8,417 | 10,486 | 9,835 | 10,402 | 11,608 | 5.3% |
| SSA | 23,787 | 26,616 | 28,570 | 30,602 | 27,427 | 28,644 | 3.8% |
| PSA/SSA Total | 32,740 | 35,033 | 39,056 | 40,437 | 37,829 | 40,252 | 4.2% |

Source: Section Q; NC HIDI data, page 130.

^Annualized based on January to June data

The applicant assumes that acuity-appropriate acute care days from the Mebane service area will also grow at a CAGR of 2.9 percent through Project Year 3, or half of the Alamance County growth rate reported in the 2025 SMFP.

| Projected Acuity-Appropriate Acute Care Days from the Mebane Service Area | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | CY32 |
| PSA | 11,948 | 12,297 | 12,657 | 13,027 | 13,408 | 13,800 | 14,204 | 14,619 |
| SSA | 29,482 | 30,344 | 31,232 | 32,145 | 33,086 | 34,053 | 35,049 | 36,075 |
| PSA/SSA Total | 41,429 | 42,641 | 43,888 | 45,172 | 46,493 | 47,853 | 49,253 | 50,694 |

Source: Section Q, page 130.

Step 2: Calculate Incremental Growth in Acuity-Appropriate Acute Care Days from the Mebane Service Area.

The applicant calculated the incremental growth in the service area by subtracting CY2024 baseline volumes from each projected year's acute care days.

| Incremental Growth in Acuity-Appropriate Acute Care Days from the Mebane Service Area | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | CY32 |
| PSA | 340 | 689 | 1,049 | 1,419 | 1,800 | 2,192 | 2,596 | 3,011 |
| SSA | 838 | 1,700 | 2,588 | 3,501 | 4,442 | 5,409 | 6,405 | 7,431 |
| PSA/SSA Total | 1,177 | 2,389 | 3,636 | 4,920 | 6,241 | 7,601 | 9,001 | 10,442 |

Source: Section Q, page 131.

Step 3: Project Cone Health Mebane Hospital's Market Capture of Acuity-Appropriate Incremental Growth in the Mebane Service Area. The applicant projects that Cone Health Mebane Hospital will capture 25 percent of the incremental growth in the PSA. The applicant does not project any capture of the SSA acuity-appropriate incremental growth. The table below illustrates Cone Health Mebane Hospital's projected market capture of incremental growth by year based on these assumptions.

| Cone Health Mebane Hospital's Projected Market Capture of Acuity-Appropriate Acute Care Days Incremental Growth in the Mebane Service Area | | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|
| | Capture Percentage | CY29 | CY30 | CY31 | CY32 |
| PSA | 25% | 450 | 548 | 649 | 753 |
| SSA | 0% | 0 | 0 | 0 | 0 |
| PSA/SSA Total | | 450 | 548 | 649 | 753 |

Source: Section Q, page 131.

Project Acute Care Utilization at Cone Health Mebane Hospital

Step 1: Combine Projected Acute Care Days from ARMC and the Market.

The applicant first combined the acute care days projected to shift from ARMC with the projected acute care days from its projected share of the incremental growth in the market to project total acute care utilization at Cone Health Mebane Hospital.

| Total Acute Care Days from ARMC/Market Capture | | | | |
|---|---------------|---------------|---------------|---------------|
| | CY29 | CY30 | CY31 | CY32 |
| Acute Care Days from ARMC | 9,588 | 9,868 | 10,157 | 10,454 |
| Acute Care Days from Market | 450 | 548 | 649 | 753 |
| Total | 10,038 | 10,416 | 10,806 | 11,207 |

Source: Section Q, page 131.

Step 2: Calculate In-Migration.

The applicant assumes that 10 percent of the total acute care days at Cone Health Mebane Hospital will represent in-migration from areas outside of the Mebane service area. The applicant states that the in-migration is conservative based on its analysis of in-migration across North Carolina Hospitals. The applicant states that all hospitals except for one have in-migration (defined as patients coming from outside the hospital's county) greater than 10 percent. The applicant states that Cone Health Mebane Hospital's defined service area includes only a portion of Alamance County ZIP codes and this more limited geographic definition makes the 10 percent in-migration assumption more conservative because patients coming from outside those specific ZIP codes, but from within Alamance County, would be counted as in-migration under the applicant's methodology.

Total projected acute care days at Cone Health Mebane Hospital prior to ramp-up being applied is composed of acuity-appropriate days from the Mebane service area shifted from ARMC, incremental PSA market growth capture, and in-migration from outside the Mebane service area as illustrated in the table below.

| Total Acute Care Days At Cone Health Mebane Hospital With Assumed In-Migration Prior to Ramp-Up | | | | |
|--|---------------|---------------|---------------|---------------|
| | CY29 | CY30 | CY31 | CY32 |
| Acute Care Days from Service Area | 10,038 | 10,416 | 10,806 | 11,207 |
| Acute Care Days from In-Migration | 1,115 | 1,157 | 1,201 | 1,245 |
| Total Potential Acute Care Days | 11,153 | 11,574 | 12,007 | 12,452 |

Source: Section Q, page 132.

Step 3: Apply Ramp-Up.

The applicant assumes a phased ramp-up of acute care capacity during the first three project years. The applicant assumes the hospital will begin with 50 percent of acute care days projected for the first 12 months of operations, increasing to 75 percent for the following 12 months, and reaching 100 percent of the acute care days projected thereafter. The project start date is April 1, 2029. The effective ramp-up rates are calculated as follows:

- **CY29:** $50\% \times (9/12) = 38\%$
- **CY30:** $50\% \times (3/12) + 75\% \times (9/12) = 69\%$
- **CY31:** $75\% \times (3/12) + 100\% \times (9/12) = 94\%$
- **CY32:** 100% capacity

| Total Acute Care Days at Cone Health Mebane Hospital Including Ramp-Up | | | | |
|--|--------------|--------------|---------------|---------------|
| | CY29* | CY30 | CY31 | CY32 |
| Total Potential Acute Care Days | 11,153 | 11,574 | 12,007 | 12,452 |
| Ramp-up | 38% | 69% | 94% | 100% |
| Total Acute Care Days at Cone Health Mebane Hospital | 4,182 | 7,957 | 11,256 | 12,452 |
| Average Daily Census | 11 | 22 | 31 | 34 |
| Number of Acute Care Beds | 46 | 46 | 46 | 46 |
| Occupancy Rate | 24.9% | 47.4% | 67.0% | 74.2% |

Source: Section Q, page 133.

*Cone Health Mebane Hospital will open with 46 acute care beds on April 1, 2029 (partial year of operation).

As shown in the table above, in the third operating year following project completion, the applicant projects the average utilization for Cone Health Mebane Hospital licensed acute care beds will be 74.2 percent.

Project Discharges at Cone Health Mebane Hospital

The applicant analyzed historical length of stay data from acuity-appropriate patients at ARMC originating from the Mebane service area to estimate projected discharges at Cone Health Mebane Hospital.

| Historical Average Length of Stay of Acuity-Appropriate Patients at ARMC from the Mebane Service Area | | | | | |
|---|--------|--------|--------|--------|---------|
| | CY21 | CY22 | CY23 | CY24^ | Average |
| Acute Care Days | 17,262 | 17,986 | 16,035 | 17,620 | |
| Number of Patients | 4,348 | 4,263 | 4,143 | 4,068 | |
| ALOS | 4.0 | 4.2 | 3.9 | 4.3 | 4.1 |

Source: Section Q, page 133.

^Annualized based on January to June data

The applicant divided projected acute care days at Cone Health Mebane Hospital by the average length of stay of the acuity-appropriate patients at JARMC from the Mebane service area from CY2021 to CY2024 (4.1 days) to project discharges at Cone Health Mebane Hospital as illustrated below.

| Projected Discharges at Cone Health Mebane Hospital | | | | |
|--|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Acute Care Days at Cone Health Mebane Hospital | 4,182 | 7,957 | 11,256 | 12,452 |
| ALOS | 4.1 | 4.1 | 4.1 | 4.1 |
| Total Discharges at Cone Health Mebane Hospital | 1,021 | 1,942 | 2,747 | 3,039 |

Source: Section Q, page 134.

Project Acute Care Utilization at ARMC

Step 1: Project Acute Care Days at ARMC Prior to Any Shift.

The applicant analyzed historical utilization of acute care beds at ARMC to project future utilization at ARMC. Cone Health transitioned from a federal fiscal year (FY), which runs October 1 to September 30, to a calendar (CY) reporting as of October 1, 2024. Therefore, the historical utilization for ARMC is illustrated below in FYs.

| ARMC Historical Acute Care Bed Utilization (FY) | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|-----------------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY19- FY24 CAGR |
| Total Acute Care Days | 33,965 | 35,006 | 39,231 | 45,569 | 44,804 | 47,698 | 7.0% |
| Average Daily Census | 93 | 96 | 107 | 125 | 123 | 131 | |
| Acute Care Beds | 170 | 170 | 170 | 170 | 170 | 170 | |
| Occupancy Rate | 54.7% | 56.4% | 63.2% | 73.4% | 72.2% | 76.9% | |
| Total Discharges | 10,670 | 10,421 | 10,386 | 10,193 | 10,554 | 10,324 | |
| ALOS | 3.2 | 3.4 | 3.8 | 4.5 | 4.2 | 4.6 | |

Source: Section Q, page 134.

The applicant assumes that total acute care days at ARMC will grow at a CAGR of 2.9 percent through Project Year 3, or half of the Alamance County growth rate reported in the 2025 SMFP (5.9 percent). This rate is less than half of ARMC's historical growth rate of 7.0 percent illustrated above. The applicant first demonstrates the projected acute care days at ARMC in FY and subsequently converts the projections to CY as illustrated in the tables below.

| Projected Acute Care Days at ARMC Prior to Shift (FY) | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 |
| Acute Care Days Prior to Shift | 49,093 | 50,529 | 52,007 | 53,528 | 55,094 | 56,706 | 58,364 | 60,071 | 61,838 |

Source: Section Q, page 134.

| Projected Acute Care Days at ARMC Prior to Shift (CY) | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Stub Year CY24 | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | CY32 |
| Acute Care Days Prior to Shift | 13,086 | 49,452 | 50,899 | 52,387 | 53,920 | 55,497 | 57,120 | 58,791 | 60,511 |
| Discharges Prior to Shift^ | | 11,125 | 11,450 | 11,785 | 12,130 | 12,484 | 12,850 | 13,225 | 13,612 |

Source: Section Q, page 135.

^Discharges Prior to Shift=Acute Care Days Prior to Shift ÷ ALOS Prior to Shift.

The applicant divided projected acute care days by ARMC's historical length of stay from FY2022 to FY2024 (4.4 days) to project discharges at ARMC prior to the shift.

Step 2: Project Acute Care Dys at ARMC following Shift to Cone Health Mebane Hospital. The total acute care days projected to shift from ARMC to Cone Health Mebane Hospital is composed of acuity-appropriate days at ARMC from the Mebane Service Area including a projected ramp up. The applicant divided acute care days by the historical average length of stay (4.1 days) associated with the acuity-appropriate days to project discharges to shift from ARMC to Cone Health Mebane Hospital.

| Total Acute Care Days at ARMC Projected to Shift to Cone Health Mebane Hospital | | | | |
|---|--------------|--------------|--------------|---------------|
| | CY29* | CY30 | CY31 | CY32 |
| Total Potential Acute Care Days to Shift from ARMC | 9,588 | 9,868 | 10,157 | 10,454 |
| Ramp-up | 38% | 69% | 94% | 100% |
| Total Acute Care Days to Shift from ARMC to Cone Health Mebane Hospital | 3,595 | 6,785 | 9,522 | 10,454 |
| Total Discharges to Shift from ARMC to Cone Health Mebane Hospital | 877 | 1,656 | 2,324 | 2,551 |

Source: Section Q, page 136.

*Cone Health Mebane Hospital will open with 46 acute care beds on April 1, 2029 (partial year of operation).

The acute care days shifting to Cone Health Mebane Hospital were subtracted from the total projected acute care days at ARMC. ARMC is expected to operate at 80.7 percent occupancy in CY2032 (third full fiscal year of the proposed project). Total discharges at ARMC post-shift represent projected discharges less discharges shifted to Cone Health Mebane Hospital.

| Total Projected Acute Care Days at ARMC After Shift to Cone Health Mebane Hospital | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | CY25 | CY26 | CY27 | CY28 | CY29* | CY30 | CY31 | CY32 |
| Acute Care Days Prior to Shift | 49,452 | 50,899 | 52,387 | 53,920 | 55,497 | 57,120 | 58,791 | 60,511 |
| Acute Care Days to Shift from ARMC to Cone Health Mebane Hospital | | | | | -3,595 | -6,785 | -9,522 | -10,454 |
| Total Acute Care Days at ARMC After Shift | 49,452 | 50,899 | 52,387 | 53,920 | 51,901 | 50,336 | 49,269 | 50,056 |
| Average Daily Census | 135 | 139 | 144 | 148 | 142 | 138 | 135 | 137 |
| Acute Care Beds | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 |
| Occupancy Rate | 79.7% | 82.0% | 84.4% | 86.9% | 83.6% | 81.1% | 79.4% | 80.7% |
| Total Discharges | 11,125 | 11,450 | 11,785 | 12,130 | 11,607 | 11,194 | 10,902 | 11,061 |
| ALOS | 4.4 | 4.4 | 4.4 | 4.4 | 4.5 | 4.5 | 4.5 | 4.5 |

Source: Section Q, page 136.

*Cone Health Mebane Hospital will open with 46 acute care beds on April 1, 2029 (partial year of operation).

The table below illustrates the projected acute care utilization for the entire ARMC license (ARMC main campus and Cone Health Mebane Hospital).

| Total Projected Acute Care Days (ARMC License) | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | CY25 | CY26 | CY27 | CY28 | CY29* | CY30 | CY31 | CY32 |
| ARMC | 49,452 | 50,899 | 52,387 | 53,920 | 51,901 | 50,336 | 49,269 | 50,056 |
| Cone Health Mebane Hospital | | | | | 4,182 | 7,957 | 11,256 | 12,452 |
| Total Acute Care Days | 49,452 | 50,899 | 52,387 | 53,920 | 56,084 | 58,293 | 60,525 | 62,509 |
| Average Daily Census | 135 | 139 | 144 | 148 | 154 | 160 | 166 | 171 |
| Acute Care Beds | 170 | 170 | 170 | 170 | 216 | 216 | 216 | 216 |
| Occupancy Rate | 79.7% | 82.0% | 84.4% | 86.9% | 71.1% | 73.9% | 76.8% | 79.3% |
| ALOS | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| Total Discharges | 11,125 | 11,450 | 11,785 | 12,130 | 12,628 | 13,136 | 13,649 | 14,100 |

Source: Section Q, page 137.

*Cone Health Mebane Hospital will open with 46 acute care beds on April 1, 2029 (partial year of operation).

The ARMC license (ARMC and Cone Health Mebane Hospital) is expected to operate at 79.3 percent occupancy and have an ADC (Average Daily Census) of 171 in CY2032 (third full fiscal year following completion of the project). The ARMC license has a target occupancy rate of 71.4 percent in CY2032 based on an ADC (Average Daily Census) that is between 100 to 200. The ARMC license is projected to exceed the target occupancy percentage in 10A NCAC 14C .3803(5)(b).

Section III: Project Operating Room Utilization

The applicant is proposing to shift three existing operating rooms located at MedCenter Mebane and licensed as part of ARMC to Cone Health Mebane Hospital as part of the proposed project. Outpatient (OP) and inpatient (IP) surgical cases will be performed at Cone Health Mebane Hospital. All outpatient procedures performed in the operating rooms at MedCenter Mebane will shift to Cone Health Mebane Hospital following the proposed project.

Project Inpatient Surgical Cases

Step 1: Project inpatient surgical cases at Cone Health Hospital (including C-sections).

The applicant used historical acuity-appropriate inpatient surgical discharges at ARMC from the Mebane service area to determine the percentage of inpatient surgical discharges relative to total discharges.

| Historical Acuity-Appropriate Inpatient Surgical Discharges (Including C-Sections) at ARMC from the Mebane Service Area as a Percentage of Total Discharges | | | | | |
|--|-------------|-------------|-------------|--------------|----------------|
| | CY21 | CY22 | CY23 | CY24* | Average |
| IP Surgical Discharges (including C-Sections) | 750 | 697 | 663 | 652 | |
| Total Discharges | 4,348 | 4,263 | 4,143 | 4,068 | |
| IP Surgical Discharges as Percent of Total Discharges | 17.2% | 16.3% | 16.0% | 16.0% | 16.4% |

Source: Section Q, page 138.

*Annualized based on January to June data.

The applicant applied the average percentage (16.4 percent) to the total projected discharges at Cone Health Mebane Hospital, assuming a one-to-one ratio of IP surgical discharges to IP surgical cases, to project inpatient surgical cases as illustrated in the table below.

| Total Projected Inpatient Surgical Cases (Including C-Sections) at Cone Health Mebane Hospital | | | | |
|---|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Discharges | 1,021 | 1,942 | 2,747 | 3,039 |
| IP Surgical Discharges as Percent of Total Discharges | 16.4% | 16.4% | 16.4% | 16.4% |
| IP Surgical Cases | 167 | 319 | 451 | 499 |

Source: Section Q, page 138.

Step 2: Project C-Section at Cone Health Mebane Hospital.

The applicant projected C-Sections separately because the applicant is proposing to develop one dedicated C-Section room at Cone Health Mebane Hospital. Therefore, C-Sections are not included in the OR methodology. The applicant used historical acuity-appropriate C-Sections at ARMC from the Mebane service area to establish a basis for projections.

| Historical Acuity-Appropriate C-Sections at ARMC from the Mebane Service Area as a Percentage of Total Discharges | | | | | |
|--|-------------|-------------|-------------|--------------|----------------|
| | CY21 | CY22 | CY23 | CY24* | Average |
| Total C-Sections | 140 | 156 | 145 | 180 | |
| Total Discharges | 4,348 | 4,263 | 4,143 | 4,068 | |
| C-Sections as Percent of Total Discharges | 3.2% | 3.7% | 3.5% | 4.4% | 3.7% |

Source: Section Q, page 139.

*Annualized based on January to June data.

The applicant applied the average percentage (3.7 percent) to the previously calculated total projected discharges at Cone Health Mebane Hospital to project C-Sections at Cone Health Mebane Hospital as illustrated below.

| Total Projected C-Sections at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Discharges | 1,021 | 1,942 | 2,747 | 3,039 |
| C-Sections as Percent of Total Discharges | 3.7% | 3.7% | 3.7% | 3.7% |
| Total C-Sections | 38 | 72 | 102 | 112 |
| C-Section Rooms | 1 | 1 | 1 | 1 |
| C-Sections Per Room | 38 | 72 | 102 | 112 |

Source: Section Q, page 139.

Step 3: Project total inpatient surgical cases at Cone Health Mebane Hospital (excluding C-Sections).

The applicant subtracted projected C-Sections from total projected inpatient surgical cases to project inpatient surgical cases (excluding C-Sections) as illustrated below.

| Projected Inpatient Surgical Cases (Excluding C-Sections) at Cone Health Mebane Hospital | | | | |
|---|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total IP Surgical Cases (Including C-Sections) | 167 | 319 | 451 | 499 |
| Total C-Sections | 38 | 72 | 102 | 112 |
| IP Surgical Cases (Excluding C-Sections) | 130 | 247 | 349 | 386 |

Source: Section Q, page 139.

Project Outpatient Surgical Cases

Step 1: Project outpatient surgical cases at Cone Health Mebane Hospital prior to shift.

The applicant used historical surgical cases at ARMC's main campus to determine the ratio of outpatient to inpatient surgeries (excluding C-Sections)

| Historical Inpatient and Outpatient Surgical Cases and Ratios at ARMC | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| OP Surgical Cases | 5,253 | 4,269 | 4,452 | 4,515 | 4,770 | 4,367 | |
| IP Surgical Cases^ | 2,307 | 2,319 | 2,178 | 2,150 | 2,069 | 1,939 | |
| | 2.28 | 1.84 | 2.04 | 2.10 | 2.31 | 2.25 | 2.14 |

Source: Section Q, page 140.

^Excluding C-Sections

Cone Health applied the average ratio (2.14) to the previously projected inpatient surgical cases at Cone Health Mebane Hospital to project outpatient surgical cases prior to the shift of outpatient surgical cases from MedCenter Mebane as illustrated in the table below.

| Projected Outpatient Surgical Cases at Cone Health Mebane Hospital Prior to Shift | | | | |
|--|------------|------------|------------|------------|
| | CY29 | CY30 | CY31 | CY32 |
| IP Surgical Cases (Excluding C-Sections) | 130 | 247 | 349 | 386 |
| OP:IP Ratio | 2.14 | 2.14 | 2.14 | 2.14 |
| OP Surgical Cases Prior to Shift | 277 | 527 | 746 | 825 |

Source: Section Q, page 140.

Step 2: Project outpatient surgical cases to shift from MedCenter Mebane to Cone Health Mebane Hospital.

All outpatient surgical volume currently performed at MedCenter Mebane will be performed in an OR or procedure room at Cone Health Mebane Hospital after completion of the proposed project. The applicant looked at historical growth of outpatient surgical volume at MedCenter Mebane to project outpatient surgical cases to shift from MedCenter Mebane to the proposed facility as illustrated in the table below.

| Historical Outpatient Surgical Volume at MedCenter Mebane (FY) | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-----------------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY19- FY24 CAGR |
| OP Surgical Volume^ | 2,181 | 2,564 | 3,182 | 3,543 | 3,766 | 4,239 | 14.2% |

Source: Section Q, page 140.

^Includes surgical cases and procedures performed in ORs.

The applicant projects outpatient surgical volumes performed at MedCenter Mebane will grow at 2.9 percent CAGR through FY 2033 to be consistent with previously projected acute care days.

| Projected Outpatient Surgical Volume at MedCenter Mebane (FY) | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | CAGR |
| OP Surgical Volume^ | 4,363 | 4,491 | 4,622 | 4,757 | 4,896 | 5,040 | 5,187 | 5,339 | 5,495 | 2.9% |

Source: Section Q, page 141.

^Includes surgical cases and procedures performed in ORs

Cone Health transitioned from a federal fiscal year (FY) to a calendar (CY) reporting in 2024. The applicant converts the projected outpatient surgical volume to CY by allocating 75 percent of FY data to its corresponding CY and 25 percent to the following CY. The projected outpatient surgical volume at MedCenter by CY is illustrated below.

| Projected Outpatient Surgical Volume at MedCenter Mebane (CY) | | | | | | | | | |
|---|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Stub Year CY24 | CY25 | CY26 | CY27 | CY28 | CY29 | CY30 | CY31 | CY32 |
| OP Surgical Volume^ | 955 | 4,395 | 4,523 | 4,656 | 4,792 | 4,932 | 5,076 | 5,225 | 5,378 |

Source: Section Q, page 141.

^Includes surgical cases and procedures performed in ORs.

The applicant determined that GI, ophthalmology, and oral procedures performed in the ORs currently can be shifted to the proposed procedure rooms at Cone Health Mebane Hospital. The remaining volume consists of outpatient surgical cases that will continue to be performed in the operating rooms after shifting to Cone Health Mebane Hospital. The applicant determined the percentage of surgical cases relative to total volume to account for only the outpatient surgical cases that will continue to be performed in operating rooms after shifting to Cone Health Mebane Hospital.

| Surgical Cases and Procedures as a Percentage of Total OP Surgical Volume at MedCenter Mebane | | |
|--|--------------|-------------------|
| | FY24 | % of Total |
| Procedures | 2,712 | 64.0% |
| Surgical Cases | 1,527 | 36.0% |
| Total OP Surgical Volume | 4,239 | 100.0% |

Source: Section Q, page 141 and 143.

As shown in the table above, surgical cases made up 36.0 percent of all outpatient surgical volume and procedures made up 64.0 percent of all outpatient surgical volume at MedCenter Mebane in FY2024. The applicant applied 36.0 percent to the previously projected outpatient surgical volume at MedCenter Mebane to project outpatient surgical cases at MedCenter Mebane that will shift to Cone Health Mebane Hospital.

| Projected Outpatient Surgical Cases to Shift from MedCenter Mebane to Cone Health Mebane Hospital | | | | |
|--|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total OP Surgical Volume at MedCenter Mebane^ | 4,932 | 5,076 | 5,225 | 5,378 |
| Surgical Cases as Percent of Total | 36.0% | 36.0% | 36.0% | 36.0% |
| Total OP Surgical Cases to Shift to Cone Health Mebane Hospital | 1,777 | 1,829 | 1,882 | 1,937 |

Source: Section Q, page 142.

^Includes surgical cases and procedures performed in ORs

Step 3: Project total outpatient surgical cases at Cone Health Mebane Hospital.

The applicant combined projected outpatient surgical cases from Steps 1 and 2 to project total outpatient surgical cases, as illustrated in the table below.

| Total Projected Outpatient Surgical Cases at Cone Health Mebane Hospital | | | | |
|---|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| OP Surgical Cases (Step 1) | 277 | 527 | 746 | 825 |
| OP Surgical Cases (Step 2) | 1,333 | 1,829 | 1,882 | 1,937 |
| Total OP Surgical Cases | 1,610 | 2,356 | 2,628 | 2,762 |

Source: Section Q, page 142.

Convert Surgical Cases to Surgical Hours to Project OR Utilization at Cone Health Mebane Hospital.

Cone Health Mebane Hospital will be licensed as part of ARMC. So, the three existing ORs that the applicant proposes to shift to Cone Health Mebane Hospital from MedCenter Mebane will remain licensed as part of ARMC. Consequently, there will be no change in OR capacity on the license.

According to the 2025 SMFP, ARMC is a Group 3 facility based on projected surgical hours between 15,000 and 40,000. Group 3 facilities have 1,755 standard hours per OR per year. The applicant provides the projected OR utilization at Cone Health Mebane Hospital, as illustrated in the following table. As shown in the table below, Cone Health Mebane Hospital has projected operating room need of 0.1 in CY 2032.

| Projected OR Utilization at Cone Health Mebane Hospital | | | | |
|---|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total IP Cases | 130 | 247 | 349 | 386 |
| Total OP Cases | 1,610 | 2,356 | 2,628 | 2,762 |
| Inpatient Cases Time (Minutes)* | 132 | 132 | 132 | 132 |
| Outpatient Cases Time (Minutes)* | 100 | 100 | 100 | 100 |
| Total Surgical Hours | 2,968 | 4,469 | 5,148 | 5,453 |
| Standard Hours per OR per Year | 1,755 | 1,755 | 1,755 | 1,755 |
| ORs | 3.0 | 3.0 | 3.0 | 3.0 |
| OR Deficit/(Surplus) | -1.3 | -0.5 | -0.1 | 0.1 |

Source: Section Q, page 143.

*Case times based on 2024 License Renewal Application (LRA)

Section IV: Project Utilization for Procedure Rooms, Emergency Services, and Observation Days

Project Procedure Room Utilization

The applicant proposes to develop two procedure rooms at Cone Health Mebane Hospital. The applicant determined that GI, ophthalmology, and oral procedures currently performed in the ORs at MedCenter Mebane can be shifted to the proposed procedure rooms at Cone Health Mebane Hospital. The applicant provides the surgical cases and procedures as a percentage of total outpatient surgical volume at MedCenter Mebane in FY2024, as illustrated in the following table.

| Surgical Cases and Procedures as a Percentage of Total OP Surgical Volume at MedCenter Mebane | | |
|---|--------------|--------------|
| | FY24 | % of Total |
| Procedures | 2,712 | 64.0% |
| Surgical Cases | 1,527 | 36.0% |
| Total OP Surgical Volume | 4,239 | 100.0% |

Source: Section Q, page 141 and 143.

As shown in the table above, GI, ophthalmology and oral procedures made up 64 percent of all outpatient surgical volume at MedCenter Mebane in FY2024. The applicant applied this percentage (64 percent) to the previously projected outpatient surgical volume at MedCenter Mebane to project total procedures to shift to Cone Health Mebane Hospital.

| Projected Procedure Room Utilization at Cone Health Mebane Hospital | | | | |
|--|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total OP Surgical Volume at MedCenter Mebane^ | 4,932 | 5,076 | 5,225 | 5,378 |
| Procedures as Percent of Total | 64.0% | 64.0% | 64.0% | 64.0% |
| Total Procedures to Shift to Cone Health Mebane Hospital | 2,367 | 3,248 | 3,343 | 3,440 |
| Procedure Rooms | 2 | 2 | 2 | 2 |
| Procedures Per Room | 1,183 | 1,624 | 1,671 | 1,720 |

Source: Section Q, page 144.

^Includes surgical cases and procedures performed in ORs

Project Emergency Services Utilization

Step 1: Project admitted ED patients.

The applicant proposes to develop 15 ED treatment rooms at Cone Health Mebane Hospital. The applicant used historical acuity-appropriate discharges at ARMC from the Mebane service area that were admitted from the ED to determine the percentage of these patients relative to total patients and to establish a basis for projection.

| Historical Acuity-Appropriate Patients at ARMC from the Mebane Service Area Admitted from ED as a Percentage of Total Patients | | | | | |
|---|-------------|-------------|-------------|--------------|----------------|
| | CY21 | CY22 | CY23 | CY24* | Average |
| Admitted ED Patients | 3,526 | 3,452 | 3,440 | 1,672 | |
| Total Discharges | 4,348 | 4,263 | 4,143 | 2,034 | |
| % of Discharges admitted from ED | 81.1% | 81.0% | 83.0% | 82.2% | 81.8% |

Source: Section Q, page 144.

*Partial year (January to June)

As shown in the table above, 81.8 percent of all acuity-appropriate discharges ARMC from the Mebane service area were admitted from the ED. The applicant applied this percentage (81.8 percent) to the previously projected discharges at Cone Health Mebane Hospital to project patients admitted from the ED.

| Projected Patients Admitted from ED at Cone Health Mebane Hospital | | | | |
|---|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Discharges | 1,021 | 1,942 | 2,747 | 3,039 |
| % of Discharges Admitted from ED | 81.8% | 81.8% | 81.8% | 81.8% |
| Admitted ED Patients^ | 835 | 1,589 | 2,248 | 2,487 |

Source: Section Q, page 144.

^Equivalent to the number of ED visits resulting in admission (IP ED visits)

Step 2: Project ED patients that are not admitted.

The applicant used historical ED visits at ARMC to determine the ratio of outpatient ED visits to total discharges to establish a basis for projections of ED patients that are not admitted (outpatient ED visits).

| Historical Inpatient and Outpatient ED Visits and Ratios at ARMC | | | | | |
|---|-------------|-------------|-------------|--------------|----------------|
| | FY21 | FY22 | FY23 | FY24* | Average |
| OP ED Visits | 44,968 | 44,520 | 47,025 | 49,607 | |
| Total Discharges | 10,386 | 10,193 | 10,554 | 10,324 | |
| Ratio of OP ED Visits to Discharges | 4.3 | 4.4 | 4.5 | 4.8 | 4.5 |

Source: Section Q, page 145.

The applicant applied the average ratio (4.5) to the previously projected discharges at Cone Health Mebane Hospital to project outpatient ED visits.

| Projected Outpatient ED Visits at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Discharges | 1,021 | 1,942 | 2,747 | 3,039 |
| Ratio of OP ED Visits to Discharges | 4.5 | 4.5 | 4.5 | 4.5 |
| OP ED Visits | 4,582 | 8,718 | 12,332 | 13,643 |

Source: Section Q, page 145.

Step 3: Project total ED visits at Cone Health Mebane Hospital.

The applicant combined projected inpatient and outpatient ED visits to project total ED visits at Cone Health Memorial Hospital as shown in the following table.

| Total Projected ED Visits at Cone Health Mebane Hospital | | | | |
|---|--------------|---------------|---------------|---------------|
| | CY29 | CY30 | CY31 | CY32 |
| IP Ed Visits (Admitted ED Patients) | 835 | 1,589 | 2,248 | 2,487 |
| OP ED Visits | 4,582 | 8,718 | 12,332 | 13,643 |
| Total ED Visits | 5,418 | 10,307 | 14,580 | 16,129 |
| ED Treatment Rooms | 15 | 15 | 15 | 15 |
| Visits Per Room | 361 | 687 | 972 | 1,075 |

Source: Section Q, page 145.

Project Observation Bed Utilization

The applicant proposes to develop seven observation beds at Cone Health Mebane Hospital. The applicant used historical observation days at ARMC to project utilization of the proposed observation beds at Cone Health Mebane Hospital.

| Historical Acute Care and Observation Days and Ratios at ARMC | | | | | |
|--|-------------|-------------|-------------|-------------|----------------|
| | FY21 | FY22 | FY23 | FY24 | Average |
| Acute Care Days | 39,231 | 45,569 | 44,804 | 47,698 | |
| Observation Day Equivalents^ | 2,487 | 3,262 | 4,389 | 3,825 | |
| Ratio of Observation Days to Acute Care Days | 0.06 | 0.07 | 0.10 | 0.08 | 0.08 |

Source: Section Q, page 146.

^Observation hours ÷ 24

The historical average ratio was 0.80. The applicant applied this average ratio to projected acute care days at Cone Health Mebane Hospital to project total observation days, as shown in the table below.

| Total Projected Observation Days at Cone Health Mebane Hospital | | | | |
|--|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Acute Care Days | 4,182 | 7,957 | 11,256 | 12,452 |
| Ratio of Observation Days to Total Acute Care Days | 0.08 | 0.08 | 0.08 | 0.08 |
| Observation Day Equivalents | 327 | 623 | 881 | 975 |
| Observation ADC | 0.9 | 1.7 | 2.4 | 2.7 |
| Observation Beds | 7 | 7 | 7 | 7 |
| Occupancy | 12.8% | 24.4% | 34.5% | 38.2% |

Source: Section Q, page 146.

The applicant assumes that ALOS for observation patients at Cone Health Mebane Hospital will be consistent with ARMC's historical experience from FY2022 to FY2024. The projected observation patients at Cone Health Mebane Hospital are shown in the table below.

| Projected Observation Patients at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Observation Day Equivalents | 327 | 623 | 881 | 975 |
| ALOS | 1.1 | 1.1 | 1.1 | 1.1 |
| Observation Patients | 294 | 560 | 792 | 876 |

Source: Section Q, page 147.

Section V: Project Utilization of Imaging and Other Ancillary Services

The applicant states that Cone Health Mebane Hospital will operate on the ARMC license and have a shared medical staff. The applicant states that it anticipates that the medical staff at Cone Health Mebane Hospital will have the same practice patterns and use of clinical protocols for imaging and ancillary services and that the majority of patients served at Cone Health Mebane Hospital are projected to shift from ARMC. Therefore, the applicant states it is reasonable to utilize historical experience of ARMC to project imaging and ancillary services at Cone Health Mebane Hospital.

Project CT Utilization

The applicant is proposing to develop a CT scanner with cardiac capabilities at Cone Health Mebane Hospital to serve both inpatients and outpatients.

Step 1: Project inpatient CT scans at Cone Health Mebane Hospital.

The applicant used historical inpatient CT scans performed at ARMC to determine the ratio of inpatient CT scans to acute care days and project inpatient CT scans at Cone Health Memorial Hospital.

| Historical Ratios of Acute Care Days to Inpatient CT Scans at ARMC | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|---------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| IP CT Scans | 6,232 | 6,901 | 8,335 | 9,183 | 10,929 | 11,243 | |
| Acute Care Days | 33,965 | 35,006 | 39,231 | 45,569 | 44,804 | 47,698 | |
| Ratio of IP CT Scans to Acute Care Days | 0.18 | 0.20 | 0.21 | 0.20 | 0.24 | 0.24 | 0.21 |

Source: Section Q, page 147.

As shown in the table above, from FY2019 to FY2024, the average inpatient CT scan-to-acute care days ratio was 0.21. Therefore, for every acute care day, ARMC performed approximately 0.21 inpatient CT scans. The applicant applied this average ratio (0.21) to the previously projected acute care days at Cone Health Mebane Hospital to project inpatient CT scans at Cone Health Mebane Hospital, as shown in the table below.

| Total Projected CT Utilization at Cone Health Mebane Hospital | | | | |
|---|--------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| IP CT Scans | 888 | 1,690 | 2,391 | 2,644 |
| OP CT Scans | 2,038 | 3,878 | 5,486 | 6,069 |
| Total CT Scans | 2,927 | 5,568 | 7,877 | 8,714 |

Source: Section Q, page 149.

Project MRI Utilization

The applicant is proposing to provide mobile MRI services for both inpatients and outpatients.

Step 1: Project inpatient MRI scans at Cone Health Mebane Hospital.

The applicant analyzed all historical MRI scans performed at ARMC to determine the ratio of outpatient to inpatient MRI scans. As shown in the table below, from FY2019 to FY2024, the average inpatient MRI scan-to-acute care days ratio was 0.04 which means that for every acute care day, ARMC performed approximately 0.04 inpatient MRI scans.

| Historical Ratios of Acute Care Days to Inpatient MRI Scans at ARMC | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|---------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| IP MRI Scans | 1,390 | 1,573 | 1,488 | 1,721 | 2,066 | 2,076 | |
| Acute Care Days | 33,965 | 35,006 | 39,231 | 45,569 | 44,804 | 47,698 | |
| Ratio of IP MRI Scans to Acute Care Days | 0.04 | 0.04 | 0.04 | 0.04 | 0.05 | 0.04 | 0.04 |

Source: Section Q, page 149.

The applicant applied this average ratio (0.04) to the previously projected acute care days at Cone Health Mebane Hospital, as shown in the table below.

| Total Projected Inpatient MRI Scans at Cone Health Mebane Hospital | | | | |
|---|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Acute Care Days | 4,182 | 7,957 | 11,256 | 12,452 |
| Ratio of IP MRI Scans to Acute Care Days | 0.04 | 0.04 | 0.04 | 0.04 |
| IP MRI Scans | 175 | 333 | 471 | 521 |

Source: Section Q, page 149.

Step 2: Project outpatient MRI scans at Cone Health Mebane Hospital.

The applicant analyzed all historical MRI scans performed at ARMC to determine the ratio of outpatient to inpatient MRI scans. As shown in the table below, from FY2019 to FY2024, the average outpatient-to-inpatient ratio was 3.93 which means that for every inpatient MRI scan performed, ARMC performed approximately 3.93 outpatient MRI scans.

| Historical Inpatient and Outpatient MRI Scans and Ratios at ARMC | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| IP MRI Scans | 1,390 | 1,573 | 1,488 | 1,721 | 2,066 | 2,076 | |
| OP MRI Scans | 5,613 | 5,824 | 7,272 | 6,841 | 7,275 | 7,160 | |
| IP:OP MRI Ratio | 4.04 | 3.70 | 4.89 | 3.98 | 3.52 | 3.45 | 3.93 |

Source: Section Q, page 150.

The applicant applied this average ratio (3.93) to the previously projected inpatient MRI scans at Cone Health Mebane Hospital, as shown in the table below

| Total Projected Outpatient MRI Scans at Cone Health Mebane Hospital | | | | |
|--|-------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| IP MRI Scans | 175 | 333 | 471 | 521 |
| IP:OP MRI Ratio | 3.93 | 3.93 | 3.93 | 3.93 |
| OP MRI Scans | 688 | 1,309 | 1,851 | 2,048 |

Source: Section Q, page 150.

Step 3: Project total MRI utilization at Cone Health Mebane Hospital.

The applicant combined projected inpatient and outpatient MRI scans to project total MRI scans at Cone Health Mebane Hospital, as shown in the table below.

| Total Projected MRI Utilization at Cone Health Mebane Hospital | | | | |
|---|-------------|--------------|--------------|--------------|
| | CY29 | CY30 | CY31 | CY32 |
| IP MRI Scans | 175 | 333 | 471 | 521 |
| OP MRI Scans | 688 | 1,309 | 1,851 | 2,048 |
| Total MRI Scans | 863 | 1,642 | 2,322 | 2,569 |

Source: Section Q, page 150.

Step 4: Project inpatient MRI scans with and without contrast at Cone Health Mebane Hospital.

The applicant first calculated the historical percentage of inpatient MRI scans with contrast relative to total inpatient MRI scans at ARMC to calculate weighted inpatient MRI scans. As shown in the table below, from FY2019 to FY2024, inpatient scans with contrast made up 31.3 percent of all inpatient MRI scans performed at ARMC.

| Historical Inpatient MRI Scans with Contrast As a Percentage of Total Inpatient MRI Scans | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|---------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| IP MRI Scans w/Contrast | 319 | 443 | 456 | 614 | 709 | 753 | |
| Total IP MRI Scans | 1,390 | 1,573 | 1,488 | 1,721 | 2,066 | 2,076 | |
| Percent of IP MRI Scans w/Contrast | 22.9% | 28.2% | 30.6% | 35.7% | 34.3% | 36.3% | 31.3% |

Source: Section Q, page 150.

The applicant applied this average percentage (31.3 percent) to the previously projected total inpatient MRI scans at Cone Health Mebane Hospital, as shown in the table below

| Projected Inpatient MRI Scans with and without Contrast at Cone Health Mebane Hospital | | | | |
|---|-------|-------|-------|-------|
| | CY29 | CY30 | CY31 | CY32 |
| Total IP MRI Scans | 175 | 333 | 471 | 521 |
| Percent of IP MRI Scans w/Contrast | 31.3% | 31.3% | 31.3% | 31.3% |
| IP MRI Scans w/Contrast | 55 | 104 | 148 | 163 |
| IP MRI Scans w/o Contrast^ | 120 | 229 | 324 | 358 |

Source: Section Q, page 151.

^IP MRI Scans w/o Contrast = Total IP MRI Scans – IP MRI Scans w/Contrast

Step 5: Project outpatient MRI scans with and without contrast at Cone Health Mebane Hospital.

The applicant first calculated the percentage of outpatient MRI scans with contrast relative to total outpatient MRI scans at ARMC, to calculate weighted outpatient MRI scans. As shown in the table below, from FY2021 to FY2024, outpatient scans with contrast made up 34.1 percent of all outpatient MRI scans performed at ARMC.

| Historical Outpatient MRI Scans With Contrast at ARMC as a Percentage of Total Outpatient MRI Scans | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|---------|
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | Average |
| OP MRI Scans w/Contrast | 1,579 | 1,902 | 2,506 | 2,426 | 2,581 | 2,771 | |
| Total OP MRI Scans | 5,613 | 5,824 | 7,272 | 6,841 | 7,275 | 7,160 | |
| Percent of OP MRI Scans w/Contrast | 28.1% | 32.7% | 34.5% | 35.5% | 35.5% | 38.7% | 34.1% |

Source: Section Q, page 151.

The applicant applied this average percentage (34.1%) to the previously projected total outpatient MRI scans, as shown in the table below.

| Projected Outpatient MRI Scans With and Without Contrast at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total OP MRI Scans | 688 | 1,309 | 1,851 | 2,048 |
| Percent of OP MRI Scans w/Contrast | 34.1% | 34.1% | 34.1% | 34.1% |
| OP MRI Scans w/Contrast | 235 | 447 | 632 | 699 |
| OP MRI Scans w/o Contrast^ | 453 | 862 | 1,219 | 1,349 |

Source: Section Q, page 152.

^OP MRI Scans w/o Contrast = Total OP MRI Scans – OP MRI Scans w/Contrast

Step 6: Project total weighted MRI utilization at Cone Health Mebane Hospital.

The applicant applied the weighting values outlined in the 2025 SMFP, which are based on procedure time, to calculate weighted MRI scans. The table below illustrates this weighting methodology.

| Procedure Type | Procedure Time in Minutes | Weight |
|------------------------------------|----------------------------------|---------------|
| Base Outpatient (without contrast) | 33 | 1.0 |
| Complex Outpatient (with contrast) | 40 | 40/33 |
| Base Inpatient (without contrast) | 60 | 60/33 |
| Complex Inpatient (with contrast) | 70 | 70/33 |

Source: Section Q, page 152.

The applicant used these weighting values to project total weighted MRI scans at Cone Health Mebane Hospital.

| Weighted MRI Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| | CY29 | CY30 | CY31 | CY32 |
| Total Weighted MRI Procedures | 1,073 | 2,041 | 2,887 | 3,194 |

Source: Section Q, page 152.

Project Utilization of Other Imaging

The applicant is proposing to develop the following imaging service components at Cone Health Mebane Hospital:

- Four X-ray units (two fixed, two portable);
- Two ultrasound units;
- One nuclear medicine (SPECT-CT) unit; and,
- One echocardiography (Echo) unit

The applicant first calculated the ratio of acute care days to the utilization of imaging services at ARMC from January through December 2024 to project utilization of these imaging services at Cone Health Mebane Hospital.

| Historical Imaging Utilization Ratios Based on Jan-Dec 2024 Acute Care Days at ARMC | | | | |
|--|--------|-----------------------------------|--------|----------------|
| | IP | Acute Care Days/IP Ratio | OP | OP/IP Ratio |
| Acute Care Days | 48,343 | | | |
| X-ray | 7,237 | 0.15 | 25,749 | 3.56 |
| Ultrasound | 2,548 | 0.05 | 8,870 | 3.48 |
| Echo | 2,646 | 0.05 | 1,233 | 0.47 |
| SPECT-CT | 262 | 0.01 | 2,326 | 8.88 |

Source: Section Q, page 153.

The applicant states that these ratios are the primary assumptions for forecasting the expected volume of each imaging service based on projected acute care days at Cone Health Mebane Hospital, as shown in the following tables.

| Projected X-Ray Utilization at Cone Health Mebane Hospital | | | | |
|--|-------|-------|-------|-------|
| X-Ray | CY29 | CY30 | CY31 | CY32 |
| IP | 626 | 1,191 | 1,685 | 1,864 |
| OP | 2,228 | 4,238 | 5,995 | 6,632 |
| Total | 2,854 | 5,429 | 7,680 | 8,496 |

Source: Section Q, page 153.

| Projected Ultrasound Utilization at Cone Health Mebane Hospital | | | | |
|---|------|-------|-------|-------|
| Ultrasound | CY29 | CY30 | CY31 | CY32 |
| IP | 220 | 419 | 593 | 656 |
| OP | 767 | 1,460 | 2,065 | 2,285 |
| Total | 988 | 1,879 | 2,659 | 2,941 |

Source: Section Q, page 153.

| Projected Echo Utilization at Cone Health Mebane Hospital | | | | |
|---|------|------|------|------|
| Echo | CY29 | CY30 | CY31 | CY32 |
| IP | 229 | 436 | 616 | 682 |
| OP | 107 | 203 | 287 | 318 |
| Total | 336 | 638 | 903 | 999 |

Source: Section Q, page 153.

| Projected SPECT-CT Utilization at Cone Health Mebane Hospital | | | | |
|---|------|------|------|------|
| SPECT-CT | CY29 | CY30 | CY31 | CY32 |
| IP | 23 | 43 | 61 | 67 |
| OP | 201 | 383 | 542 | 599 |
| Total | 224 | 426 | 603 | 667 |

Source: Section Q, page 154.

Project Utilization of Other Imaging

The applicant is proposing to develop the following ancillary services at Cone Health Mebane Hospital:

- Physical Therapy (PT)
- Occupational Therapy (OT)
- Respiratory Therapy (RT)
- Speech Pathology (Speech)
- Lab
- Pharmacy

The applicant first calculated the ratio of acute care days to the utilization of ancillary services at ARMC from January through December 2024 to project utilization of these ancillary services at Cone Health Mebane Hospital.

| Historical Ancillary Services Utilization Ratios Based on Jan-Dec 2024 Acute Care Days at ARMC | | | | |
|---|-----------|---|-----------|--------------------|
| | IP | Acute Care Days/IP Ratio | OP | OP/IP Ratio |
| Acute Care Days | 48,343 | | | |
| PT | 14,074 | 0.29 | 27,522 | 1.96 |
| OT | 8,080 | 0.17 | 10,576 | 1.31 |
| RT | 32,187 | 0.67 | 3,440 | 0.11 |
| Speech | 2,447 | 0.05 | 7,493 | 3.06 |
| Lab | 309,176 | 6.40 | 252,634 | 0.82 |
| Pharmacy | 5,537,380 | 114.54 | 3,815,220 | 0.69 |

Source: Section Q, page 154.

The applicant states that these ratios are the primary assumptions for forecasting the expected volume of each ancillary service based on projected acute care days at Cone Health Mebane Hospital, as shown in the following tables.

| Projected PT Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| PT | CY29 | CY30 | CY31 | CY32 |
| IP | 1,218 | 2,316 | 3,277 | 3,625 |
| OP | 2,381 | 4,530 | 6,408 | 7,089 |
| Total | 3,599 | 6,846 | 9,685 | 10,714 |

Source: Section Q, page 155.

| Projected OT Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| OT | CY29 | CY30 | CY31 | CY32 |
| IP | 699 | 1,330 | 1,881 | 2,081 |
| OP | 915 | 1,741 | 2,463 | 2,724 |
| Total | 1,614 | 3,071 | 4,344 | 4,805 |

Source: Section Q, page 155.

| Projected RT Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| RT | CY29 | CY30 | CY31 | CY32 |
| IP | 2,785 | 5,298 | 7,494 | 8,291 |
| OP | 298 | 566 | 801 | 886 |
| Total | 3,082 | 5,864 | 8,295 | 9,177 |

Source: Section Q, page 155.

| Projected Speech Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| Speech | CY29 | CY30 | CY31 | CY32 |
| IP | 212 | 403 | 570 | 630 |
| OP | 648 | 1,233 | 1,745 | 1,930 |
| Total | 860 | 1,636 | 2,314 | 2,560 |

Source: Section Q, page 155.

| Projected Lab Utilization at Cone Health Mebane Hospital | | | | |
|---|-------------|-------------|-------------|-------------|
| Lab | CY29 | CY30 | CY31 | CY32 |
| IP | 26,749 | 50,889 | 71,989 | 79,637 |
| OP | 21,857 | 41,582 | 58,823 | 65,073 |
| Total | 48,606 | 92,471 | 130,812 | 144,710 |

Source: Section Q, page 155.

| Projected Pharmacy Utilization at Cone Health Mebane Hospital | | | | |
|--|-------------|-------------|-------------|-------------|
| Pharmacy | CY29 | CY30 | CY31 | CY32 |
| IP | 479,074 | 911,419 | 1,289,326 | 1,426,311 |
| OP | 330,079 | 627,962 | 888,337 | 982,719 |
| Total | 809,153 | 1,539,382 | 2,177,663 | 2,409,030 |

Source: Section Q, page 155.

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

- There is a need determination in the 2025 SMFP for 46 acute care beds in the Alamance County service area.
- The applicant defined the service area for Cone Health Mebane Hospital based on an analysis of historical utilization at ARMC of patients residing in the Mebane service area and drive time analysis. The service area includes Mebane as the primary service area (PSA) and three adjacent zip codes as the secondary service area (SSA).
- The applicant relied on historical utilization at Alamance Regional Medical Center to project future utilization at Cone Health Mebane Hospital.
- The total projected acute care days at Cone Health Memorial Hospital is composed of acuity-appropriate days from the Mebane service area shifted from ARMC, incremental PSA market growth capture, and in-migration from outside the Mebane service area.

Access to Medically Underserved Groups

In Section C, page 65, the applicant states:

“Cone Health is a private, not-for-profit organization established to serve the community by providing high quality, affordable, and comprehensive health care services to all patients, regardless of their economic status.

Cone Health does not discriminate on the grounds of race, culture, color, religion, marital status, age, sex, sexual orientation, gender identity or gender expression, national origin, disability, handicap, or source of payment in admission, access to, treatment, or employment under any of its programs and activities.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| Medically Underserved Groups | Estimated % of Total Patients during the Third Full Fiscal Year |
|------------------------------|---|
| Low income persons | |
| Racial and ethnic minorities | 34.5% |
| Women | 62.8% |
| Persons with Disabilities | |
| Persons 65 and older | 38.9% |
| Medicare beneficiaries | 52.7% |
| Medicaid recipients | 15.4% |

Source: Section C, page 66.

The applicant states that the percentages above are based on FY2024 patients served at ARMC. The applicant states that ARMC does not maintain data that includes the number of low income or disabled persons it serves. However, low income and patients with disabilities are not 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 Cone Health’s Nondiscrimination in Provision of Services Policy in Exhibit C.6-1.
- In Section B of the application, the applicant describes how the project will provide culturally competent healthcare to members of the medically underserved community to increase health equity and reduce health disparities in underserved communities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section C, page 38, the applicant states that the proposed project involves the development of the following:

| BEDS/EQUIPMENT/SERVICES | NO. |
|---|-------------|
| ICU Beds | 4 |
| Med/Surg Beds | 38 |
| Licensed Obstetrics Beds (including LDRP) | 4 |
| Total Licensed Acute Care Beds | 46 |
| Non-licensed Observation Rooms | 8 |
| Newborn Nursery | 6 bassinets |
| Dedicated C-Section OR | 1 |
| Procedure Rooms | 2 |
| Emergency Department Exam Rooms | 12 |
| CT Scanner | 1 |
| Ultrasound Units | 2 |
| X-Ray Units | 1 |
| Fluoroscopy Units | 1 |
| Mobile X-Ray | 1 |
| Nuclear Camera | 1 |
| Echo | 1 |
| Laboratory Services | Yes |
| Pharmacy Services | Yes |
| Inpatient PT/OT/ST/RT | Yes |

Source: Section C, page 38.

Patient Origin

On page 33, the 2025 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 38, shows Alamance County as its own acute care bed service area. Cone Health Mebane Hospital will be located in Alamance County. Thus, the service area for this facility is Alamance County. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing to develop a new facility, therefore, there is no historical patient origin to report. The following tables illustrate the projected patient origin.

| Inpatient Services (Including IP ED) | Duke Novant Mebane Hospital | | | | | |
|---|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 07/01/2029 to 06/30/2030 | | 07/01/2030 to 06/30/2031 | | 07/01/2031 to 06/30/2032 | |
| County | Number of Patients | % of Total | Number of Patients | % of Total | Number of Patients | % of Total |
| Alamance | 1,026 | 90.0% | 1,725 | 90.0% | 2,365 | 90.0% |
| Other^ | 114 | 10.0% | 192 | 10.0% | 263 | 10.0% |
| Total | 1,140 | 100.0% | 1,917 | 100.0% | 2,628 | 100.0% |

Source: Section C, page 43.

^Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

| Inpatient and Outpatient Surgical Services (Excluding C-Sections) | Duke Novant Mebane Hospital | | | | | |
|--|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 07/01/2029 to 06/30/2030 | | 07/01/2030 to 06/30/2031 | | 07/01/2031 to 06/30/2032 | |
| County | Number of Patients | % of Total | Number of Patients | % of Total | Number of Patients | % of Total |
| Alamance | 519 | 90.0% | 874 | 90.0% | 1,198 | 90.0% |
| Other^ | 58 | 10.0% | 97 | 10.0% | 133 | 10.0% |
| Total | 577 | 100.0% | 971 | 100.0% | 1,331 | 100.0% |

Source: Section C, page 43.

^Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

| Outpatient ED | Duke Novant Mebane Hospital | | | | | |
|---------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 07/01/2029 to 06/30/2030 | | 07/01/2030 to 06/30/2031 | | 07/01/2031 to 06/30/2032 | |
| County | Number of Patients | % of Total | Number of Patients | % of Total | Number of Patients | % of Total |
| Alamance | 3,485 | 90.0% | 5,862 | 90.0% | 8,035 | 90.0% |
| Other^ | 387 | 10.0% | 651 | 10.0% | 893 | 10.0% |
| Total | 3,873 | 100.0% | 6,513 | 100.0% | 8,928 | 100.0% |

Source: Section C, page 43.

^Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

| Outpatient Radiology+ | Duke Novant Mebane Hospital | | | | | |
|--------------------------|-----------------------------|---------------|-----------------------------|---------------|--------------------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 07/01/2029 to 06/30/2030 | | 07/01/2030 to 06/30/2031 | | 07/01/2031 to 06/30/2032 | |
| County | Number of Patients | % of Total | Number of Patients | % of Total | Number of Patients | % of Total |
| Alamance | 6,189 | 90.0% | 10,408 | 90.0% | 9,369 | 90.0% |
| Other^ | 688 | 10.0% | 1,156 | 10.0% | 15,853[1,041]* | 10.0% |
| Total | 6,876 | 100.0% | 11,564 | 100.0% | 10,410 | 100.0% |

Source: Section C, page 44.

^Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

+Inpatient radiology is captured in inpatient services.

*Applicant's number appears to be a typographical error. Corrected number is shown in brackets.

| Facility | Duke Novant Mebane Hospital | | | | | |
|--------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 07/01/2029 to 06/30/2030 | | 07/01/2030 to 06/30/2031 | | 07/01/2031 to 06/30/2032 | |
| County | Number of Patients | % of Total | Number of Patients | % of Total | Number of Patients | % of Total |
| Alamance | 11,219 | 90.0% | 18,868 | 90.0% | 20,967 | 90.0% |
| Other^ | 1,247 | 10.0% | 2,096 | 10.0% | 2,330 | 10.0% |
| Total | 12,466 | 100.0% | 20,965 | 100.0% | 23,297 | 100.0% |

Source: Section C, page 44.

^Other includes < 1 percent patient origin from the remaining counties in North Carolina and other states.

In Section C, page 42, the applicant provides the assumptions and methodology used to project its patient origin. The projected patient origin for acute care beds is based on the number of patients projected to originate from the service area identified in Section Q. The projected patient origin for surgical cases, ED visits, imaging, and other ancillary and support services is based on projected inpatient discharges. Therefore, the applicant assumes that the patient origin for surgical cases, ED visits, imaging, and other ancillary and support services is consistent with projected patient origin for acute care beds. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 45-59, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 59, the applicant states:

"The development of Duke Novant Mebane Hospital represents a timely, strategic, and well-supported response to the demonstrated need for additional acute care capacity in Alamance County. The 2025 SMFP clearly identifies a deficit of 46 acute care beds, driven by sustained growth in inpatient utilization that far exceeds statewide trends. Coupled with rapid population growth, especially in the Mebane area, and a significant rise in the aging population, the need for localized, high-quality hospital care is both urgent and well-documented. The proposed hospital will improve geographic access to care, reduce travel burdens, and offer choice to the over 13,000 patients annually who are already appropriate for community hospital services. With strong physician support, a central location near major transportation corridors, and the backing of two highly experienced health systems, DUHS and Novant Health, this project will fill a critical service gap. In doing so, it will enhance competition, improve access, and strengthen the continuum of care for residents throughout Alamance County. Duke Novant Mebane Hospital is not only responsive to current need, it is a forward-looking investment in the health and well-being of this rapidly evolving community."

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

- Acute care days provided in Alamance County have increased by a compound annual growth rate (CAGR) of 5.7 percent from 2019 through 2023, while the statewide CAGR during the same period is only 2.2 percent.

- NC OSBM projects Alamance County will experience a CAGR of 1.1 percent over the next seven years, adding over 14,000 new residents between 2025 and 2032.
- The 65+ age group accounted for approximately 18 percent of Alamance County's population in 2025. However, it accounted for a disproportionate 46.4 percent of Alamance County acute care discharges to be served at Duke Novant Mebane Hospital.
- 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.

Projected Utilization

On Forms C.1b, C.2b, C.3b and C.4b in Section Q, the applicant provides projected utilization, as illustrated in the following tables.

| Duke Novant Mebane Hospital Acute Care Beds Projected Utilization | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | 07/01/2029 to 06/30/2030 | 07/01/2030 to 06/30/2031 | 07/01/2031 to 06/30/2032 |
| # of Beds | 46 | 46 | 46 |
| # of Discharges | 1,140 | 1,917 | 2,628 |
| # of Patient Days | 5,065 | 8,518 | 11,677 |
| ALOS | 4.4 | 4.4 | 4.4 |
| Occupancy Rate | 30.2% | 50.7% | 69.6% |

Source: Section Q, Form C.1b, page 118.

| Duke Novant Mebane Hospital Medical Equipment Projected Utilization | | | |
|---|--|--|--|
| | 1st Full FY 07/01/2029 to 06/30/2030 | 2nd Full FY 07/01/2030 to 06/30/2031 | 3rd Full FY 07/01/2031 to 06/30/2032 |
| CT Scanner | | | |
| # of Units | 1 | 1 | 1 |
| # of Scans | 4,664 | 7,843 | 10,752 |
| X-ray (including mobile X-ray & fluoro) | | | |
| # of Units | 3 | 3 | 3 |
| # of Procedures | 3,329 | 5,598 | 7,675 |
| Nuclear Medicine | | | |
| # of Units | 1 | 1 | 1 |
| # of Procedures | 240 | 404 | 553 |
| Ultrasound | | | |
| # of Units | 2 | 2 | 2 |
| # of Procedures | 763 | 1,284 | 1,760 |
| Other Medical Equipment (Echocardiogram) | | | |
| # of Units | 1 | 1 | 1 |
| # of Procedures | 622 | 1,046 | 1,434 |

Source: Section Q, Form C.2b, page 119.

| Duke Novant Mebane Hospital Operating Room Projected Utilization | | | |
|--|--|--|--|
| | 1st Full FY 07/01/2029 to 06/30/2030 | 2nd Full FY 07/01/2030 to 06/30/2031 | 3rd Full FY 07/01/2031 to 06/30/2032 |
| Operating Room | | | |
| Dedicated C-Section ORs | 1 | 1 | 1 |
| Total # of ORs | 1 | 1 | 1 |
| Adjusted Planning Inventory | 0 | 0 | 0 |
| Surgical Cases | | | |
| # of C-Sections Performed in Dedicated C-Section ORs | 57 | 97 | 132 |
| Total # of Surgical Cases | 0 | 0 | 0 |
| Surgical Cases Performed in Procedure Rooms | | | |
| # of Inpatient Surgical Cases Performed in Procedure Rooms | 337 | 566 | 776 |
| # of Outpatient Surgical Cases Performed in Procedure Rooms | 241 | 405 | 555 |
| Total # of Surgical Cases Performed in Procedure Rooms | 577 | 971 | 1,331 |

Source: Section Q, Form C.3b, page 120.

| Duke Novant Mebane Hospital Other Hospital Services Projected Utilization | | | |
|---|--|--|--|
| | 1st Full FY 07/01/2029 to 06/30/2030 | 2nd Full FY 07/01/2030 to 06/30/2031 | 3rd Full FY 07/01/2031 to 06/30/2032 |
| Emergency Department | | | |
| # of Treatment Rooms | 12 | 12 | 12 |
| # of Visits | 4,695 | 7,896 | 10,824 |
| Observation Beds (Unlicensed) | | | |
| # of Beds | 8 | 8 | 8 |
| Days of Care | 1,038 | 1,746 | 2,393 |
| Laboratory | | | |
| Tests | 50,320 | 84,627 | 116,013 |
| Physical Therapy | | | |
| Treatments | 5,425 | 9,124 | 12,508 |
| Speech Therapy | | | |
| Treatments | 140 | 236 | 323 |
| Occupational Therapy | | | |
| Treatments | 101 | 170 | 234 |

Source: Section Q, Form C.4b, page 121.

In Section Q, pages 122-140, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

The applicant reviewed the historical inpatient discharges from Alamance County that could be appropriately served at Duke Novant Mebane Hospital. The applicant excluded any patient discharges that were related to services not planned to be provided at Duke Novant Mebane Hospital. The applicant made an additional adjustment to limit the baseline of historical acute care discharges to patients in DRGs with weights less than or equal to 3.0 because this limitation reflects the relative range of services at a community hospital. The results of this analysis are shown in the table below.

| | SFY2019 | SFY2023 | SFY2024 | 4-Year CAGR | 23-24 Change |
|-----------------|---------|---------|---------|-------------|--------------|
| Alamance County | 12,966 | 13,025 | 13,652 | 1.0% | 4.8% |

Source: Section Q, page 122.

SFY (State Fiscal Year)

Based on the historical data, the applicant identified over 13,000 annual inpatient discharges from the service area that would be appropriate for the proposed hospital's scope of services. The total based of patients has increased at a CAGR of 1.0 percent over the past five years. The cohort of acute care discharges during the most recent year increased 4.8 percent compared to SFY2023 discharges.

Step 1: Determine Base Year Volume for Projections

The applicant used Hospital Industry Data Institute (HIDI) data to analyze the inpatient volume for service area discharges within the identified patient cohort. State Fiscal Year (SFY) 2024 (July 1, 2023 – June 30, 2024) was the basis for projecting future volume. All acute care

discharges (not limited to DRG weight) within the identified service area in SFY2024 are shown in the table below.

| Table Q.1 Duke Novant Mebane Hospital Service Area Acute Care Discharges, SFY 2024 | |
|---|-------------|
| Area | 2024 |
| Alamance County | 16,064 |

Source: Section Q, page 123.

The table below summarizes the acute care discharges within the selected patient cohort in the identified service area during SFY2024.

| Table Q.2 Duke Novant Mebane Hospital Service Area Discharges Appropriate to Be Served at Duke Novant Mebane Hospital, SFY 2024 | |
|--|-------------|
| Area | 2024 |
| Alamance County | 13,652 |

Source: Section Q, page 124.

The applicant identified over 13,000 acute care discharges from the service area that could be appropriately served at Duke Novant Mebane Hospital.

Step 2: Project Service Area Discharges Appropriate to be Served at New Hospital

The applicant applied Alamance County's projected annual population growth rate of 1.1 percent to the base year discharges through the third year of the project to project the number of acute care discharges appropriate to be served at Duke Novant Mebane Hospital. The applicant determined that this methodology is reasonable and conservative given that the population aged 65 and older, who typically use acute care services, is expected to grow at a rate exceeding the overall population growth. Also, the cohort of acute care discharges during the most recent year increased by 4.8 percent compared to SFY2023 discharges.

| Table Q.3a: Projected Population Growth: Alamance County | |
|---|------------------------|
| Year | Alamance County |
| 2025 | 185,255 |
| 2026 | 187,282 |
| 2027 | 189,311 |
| 2028 | 191,339 |
| 2029 | 193,364 |
| 2030 | 195,390 |
| 2031 | 197,419 |
| 2032 | 199,446 |
| CAGR | 1.1% |

Source: Section Q, page 124.

The following table summarizes projected service area discharges based on the service area population growth rate applied to 2024 discharges.

| Table Q.3 Projected Service Area Discharges Appropriate to be Served at Duke Novant Mebane Hospital | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| Alamance County | 13,797 | 13,943 | 14,091 | 14,240 | 14,391 | 14,544 | 14,698 | 14,854 |

Source: Section Q, page 125.

Step 3: Project Discharges at Duke Novant Mebane Hospital

DUHS and Novant Health serve patients throughout the identified service area via their existing acute care hospitals. The table below summarizes the applicant's share of the identified discharges in the service area.

| Table Q.4 DUHS and Novant Health Share of Service Area Discharges Appropriate to be Served at Duke Novant Mebane Hospital | | | |
|--|---------------------------------|---------------------------------|----------------------------|
| | 2024 | | |
| | Health System Discharges | Service Area Discharges* | Health System Share |
| DUHS | 1,560 | 13,652 | 11.43% |
| Novant Health | 57 | 13,652 | 0.42% |
| Total | 1,617 | 13,652 | 11.84% |

Source: Section Q, page 125.

*Service Area Discharges from Table Q.2.

To project share of discharges for Duke Novant Mebane Hospital, the applicant anticipates that a portion of its current share in the service area will shift to the new hospital. This projection is based in part on the convenient location and less complex setting than larger regional hospitals. The applicant projects that 30 percent of their existing share of discharges in the service area will shift to Duke Novant Mebane Hospital in project year one, with a gradual increase of 10 percent in project years two and three, respectively. The following table summarizes the projected percentage of share shifts for the proposed project.

| Table Q.5 Shift of Alamance County Discharge Share to Duke Novant Mebane Hospital | | | | | | | |
|--|----------------------|---|-------------|-------------|---|-------------|-------------|
| | Current Share | % of Existing Share That Will Shift to Duke Novant Mebane Hospital | | | Projected Discharges Based on % of Share Shift | | |
| | 2024 | 2030 | 2031 | 2032 | 2030 | 2031 | 2032 |
| Alamance County | 11.84% | 30.0% | 40.0% | 50.0% | 517 | 696 | 880 |

Source: Section Q, page 126.

The applicant also projects that Duke Novant Mebane Hospital will capture an incremental share of discharges appropriate for this facility (shares not based on a shift from existing DUHS or Novant Health acute care discharge share). The following table shows the projected incremental share of discharges to be served at Duke Novant Mebane Hospital during the first three project years.

| Table Q.6 Incremental Share of Appropriate Discharges to be Served at Duke Novant Mebane Hospital | | | | | | |
|--|--------------------------|-------------|-------------|--|-------------|-------------|
| | Incremental Share | | | Projected Discharges Based on Incremental Share | | |
| | 2030 | 2031 | 2032 | 2030 | 2031 | 2032 |
| Alamance County | 3.5% | 7.0% | 10.0% | 509 | 1,029 | 1,485 |

Source: Section Q, page 126.

The following tables summarize projected patient discharges based on the shift of existing discharge share and the projected incremental share of discharges.

| Table Q.7 Projected Duke Novant Mebane Hospital Discharges Based on Share of Discharges | | | | | | |
|--|---|-------------|-------------|--------------------------|-------------|-------------|
| Area | Shift of Existing Share from DUHS and Novant Health Facilities | | | Incremental Share | | |
| | 2030 | 2031 | 2032 | 2030 | 2031 | 2032 |
| Alamance County | 517 | 696 | 880 | 509 | 1,029 | 1,485 |

Source: Section Q, page 128.

| Table Q.8 Projected Duke Novant Mebane Hospital Discharges Based on Share of Discharges | | | |
|--|-------------|-------------|-------------|
| Area | 2030 | 2031 | 2032 |
| Alamance County | 1,026 | 1,725 | 2,365 |

Source: Section Q, page. 128.

The projected discharges based on share of discharges result in the following projected share of Duke Novant Mebane Hospital appropriate discharges in the identified service area.

| Table Q.9 Projected Share of Service Area Discharges Appropriate to be Served at Duke Novant Mebane Hospital | | | | |
|---|---|-------------|-------------|-------------|
| Source | Metric | 2030 | 2031 | 2032 |
| Table Q.3 | Service Area Discharges Appropriate to be Served at Proposed Hospital | 14,544 | 14,698 | 14,854 |
| Table Q.8 | Duke Novant Mebane Hospital Discharges | 1,026 | 1,725 | 2,365 |
| | Annual Share | 7.1% | 11.7% | 15.9% |

Source: Section Q, page 128.

The previously described methodology results in projected acute care discharges appropriate to be served at Duke Novant Mebane Hospital of 16 percent in the third full fiscal year of operation following the completion of the project.

Assuming total acute care discharges (Table Q.1) increase by the same population growth rates identified in Step 2 of the methodology, the following table summarizes Duke Novant Mebane Hospital 's effective projected share of acute care discharges in the service area.

| Table Q.10 Duke Novant Mebane Hospital Projected Share of All Acute Care Discharges | | | |
|--|-------------|-------------|-------------|
| Metric | 2030 | 2031 | 2032 |
| Service Area Discharges | 17,113 | 17,295 | 17,478 |
| Duke Novant Mebane Hospital Discharges | 1,026 | 1,725 | 2,365 |
| Annual Share | 6.0% | 10.0% | 13.5% |

Source: Section Q, page 129.

The previously described methodology results in projected discharges that are equivalent to approximately 13.5 percent of projected Alamance County acute care discharges in the third full fiscal year of operation following the completion of the project.

Step 4: Project In-Migration

The applicant anticipates that Duke Novant Mebane Hospital will serve a portion of patients originating from outside of the service area. In FY2023, approximately 20 percent of ARMC's acute care discharges came from outside Alamance County. The applicant projects 10 percent of total discharges will originate from outside Alamance County. The in-migration is expected to consist of patients from the remaining counties within HSA II and adjacent HSAs.

| Table Q.11 Duke Novant Mebane Hospital Total Discharges During First Three Project Years | | | |
|---|--------------|--------------|--------------|
| Area | 2030 | 2031 | 2032 |
| Alamance County | 1,026 | 1,725 | 2,365 |
| In-Migration | 114 | 192 | 263 |
| Total Discharges | 1,140 | 1,917 | 2,628 |

Source: Section Q, page 129.

Step 5: Project Inpatient Days of Care at Duke Novant Mebane Hospital

The applicant reviewed discharges and days of care for the patient cohort appropriate to be served at Duke Novant Mebane Hospital for Alamance County during SFY2024 and applied the respective average length of Stay (ALOS) to the projected acute care discharges. The applicant stated that this assumption is reasonable because it is representative of the scope of discharges that will be served at Duke Novant Mebane Hospital. Also, it is lower, and more conservative for projecting days of care, than the SFY2023 and SFY2024 ALOS for appropriate DUHS and Novant discharges from Alamance County.

| Table Q12. Service Area Discharges and Days of Care Appropriate to be Served at Duke Novant Mebane Hospital | | |
|--|-------------------|---------------------|
| Area | Discharges | Days of Care |
| Alamance County | 13,652 | 60,667 |
| Average Length of Stay | 4.4 | |

Source: Section Q, page 130.

The following table applies the projected ALOS to projected discharges and Days of Care

| Table Q.13 Duke Novant Mebane Hospital Projected Discharges and Days of Care | | | |
|---|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Acute Care Discharges | 1,140 | 1,917 | 2,628 |
| Days of Care | 5,065 | 8,518 | 11,677 |
| Average Daily Census (ADC) | 13.9 | 23.3 | 32.0 |
| % Occupancy | 30.2% | 50.7% | 69.6% |

Source: Section Q, page 130.

ICU Bed Utilization

The applicant identified Duke Raleigh Hospital (DRAH) and Duke Regional Hospital (DRH) as reasonable proxies for the proposed project due to their status as community hospitals within the respective health systems. Also, the facilities are similarly aligned in scope of services and operational experience. In addition, a portion of the respective facilities' existing share of discharges will shift to Duke Novant Mebane Hospital as part of the shift described in Step 3.

| Table Q.14 ICU Days of Care, FY2024 | | | |
|--|-------------|-------------|--------------|
| | DRAH | DRH* | Total |
| ICU Days | 4,613 | 5,944 | 10,557 |
| Total Days | 54,733 | 73,876 | 128,609 |
| ICU % of Total Days | 8.4% | 8.0% | 8.2% |

Source: Section Q, page 130 and 2025 Hospital License Renewal Applications.

*Total days of care excludes NICU days

The applicant applied the average ICU experience of the identified facilities (8.2 percent of total acute care days) to project ICU days of care at Duke Novant Mebane Hospital.

| Table Q.15 Duke Novant Mebane Hospital ICU Days of Care | | | |
|--|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| ICU Days | 416 | 699 | 959 |
| Total Days | 5,065 | 8,518 | 11,677 |
| ICU % of Total Days | 8.2% | 8.2% | 8.2% |

Source: Section Q, page 131.

LDRP Bed Utilization

Duke Novant Mebane Hospital will initially develop four LDRP beds. The applicant identified DRH as a reasonable proxy for the proposed project due to its status as a community hospital within DUHS and operational experience. Also, a portion DRH's existing share of discharges will shift to Duke Novant Mebane Hospital as part of the shift described in Step 3. Therefore, DRH's historical experience is a reasonable reflection of the utilization patterns that can be expected at Duke Novant Mebane Hospital.

| Table Q.16 Duke Regional Hospital Obstetrics Days of Care, FY2024 | |
|--|-------------------------------|
| | Duke Regional Hospital |
| Obstetrics | 6,713 |
| Total Days* | 73,876 |
| Obstetrics % of Total Days | 9.1% |

Source: Section Q, page 131 and 2025 Hospital License Renewal Application.

*Total days of care excludes NICU days

The applicant also reviewed the HIDI Inpatient Database for obstetrics days of care compared to total days of care for the discharges appropriate to be served at Duke Novant Mebane Hospital.

| Table Q.17 Days of Care for Discharges Appropriate to be Served at Duke Novant Mebane Hospital, FY2024 | |
|---|---------------------|
| | Days of Care |
| Obstetrics | 5,333 |
| Total Days | 60,667 |
| Obstetrics % of Total Days | 8.8% |

Source: Section Q, page 132.

The applicant applied the average obstetrics experience of the identified service area patient population (8.8 percent of total acute care days) to project obstetrics utilization at Duke Novant Mebane Hospital.

| Table Q.18 Duke Novant Mebane Hospital Obstetrics Days of Care | | | |
|---|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Obstetrics Days | 445 | 749 | 1,027 |
| Total Days | 5,065 | 8,518 | 11,677 |
| ICU % of Total Days | 8.8% | 8.8% | 8.8% |

Source: Section Q, page 132.

The applicant reviewed the HIDI Inpatient Database for average length of stay for service area obstetric discharges appropriate to be served at Duke Novant Mebane Hospital to determine projected obstetrics discharges.

| Table Q.19 Service Area Obstetrics Discharges and Days of Care Appropriate to be Served at Duke Novant Mebane Hospital, SFY2024 | |
|--|-------------|
| | 2024 |
| Obstetrics Discharges | 2,242 |
| Obstetrics Days of Care | 5,333 |
| Average Length of Stay | 2.4 |

Source: Section Q, page 132.

The applicant divided projected days of care by the average length of stay (2.4) to project obstetrics discharges at Duke Novant Mebane Hospital.

| Table Q.20 Duke Novant Mebane Hospital Obstetrics Discharges and Days of Care | | | |
|--|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Obstetrics Days | 445 | 749 | 1,027 |
| Obstetrics Discharges | 187 | 315 | 432 |

Source: Section Q, page 133.

The applicant will develop one dedicated C-Section operating room at Duke Novant Mebane Hospital. The applicant reviewed historical utilization at DRH to project C-Section cases.

| Table Q.21: Historical Birth Utilization By Type, SFY2024 | | |
|--|--------------|-------------------|
| | Total | % of Total |
| Live Births – Vaginal Deliveries | 1,852 | 69.2% |
| Live Births – C-Section | 821 | 30.7% |
| Stillbirths | 5 | 0.2% |
| Total | 2,678 | 100.0% |

Source: Section Q, page 133.

During SFY2024, 30.7 percent of births at DRH were delivered via C-Section. The applicant projects Duke Novant Mebane Hospital will experience similar utilization. The projected utilization for Duke Novant Mebane Hospital's dedicated C-Section OR is shown in the table below.

| Table Q.22 Duke Novant Mebane Hospital C-Section OR Cases | | | |
|--|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Obstetrics Discharges | 187 | 315 | 432 |
| C-Section OR Cases | 57 | 97 | 132 |

Source: Section Q, page 133.

The projection of inpatient days resulted in 11,677 inpatient days in the third year (SFY2032), which equates to 69.6 percent occupancy of the proposed 46 acute care beds. This exceeds the performance standard of 66.7 percent occupancy for hospitals with an average daily census of fewer than 100 patients in 10A NCAC 14C .3803(5)(a).

Observation Bed Utilization

Duke Novant Mebane Hospital will include eight observation beds. The applicant identified Duke Raleigh Hospital (DRAH) and Duke Regional Hospital (DRH) as reasonable proxies for the proposed project due to their status as community hospitals within the respective health systems. In addition, a portion of the respective facilities' existing share of discharges will shift to Duke Novant Mebane Hospital as part of the shift described in Step 3.

| Table Q.23: Observation Experience, SFY2024 | | | |
|--|-------------------|---------------------|----------------------------|
| Facility | Discharges | Observations | Ratio to Discharges |
| DRAH | 10,778 | 8,131 | 0.75 |
| DRH | 15,379 | 10,776 | 0.70 |
| Total | 26,157 | 18,907 | 0.72 |

Source: Section Q, page 133 and 2025 Hospital License Renewal Applications.

During SFY2024, the ratio of observation patients to discharges at DRAH and DRH was 0.72. The applicant projects the same ratio for Duke Novant Mebane Hospital based on historical experience. The respective observation patients had an ALOS of 2.52 days or 60.5 hours. The applicant reduced the observation ALOS by 50 percent based on the lower acuity associated with the proposed hospital. The projected observation bed utilization based on these assumptions is shown in the table below.

| Table Q.24: Duke Novant Mebane Hospital Observation Utilization | | | | |
|--|----------------------------|-------------|-------------|-------------|
| | Ratio To Discharges | 2030 | 2031 | 2032 |
| IP Discharges | 1.00 | 1,140 | 1,917 | 2,628 |
| Observation Cases | 0.72 | 824 | 1,386 | 1,899 |
| Observation Hours (30.2 Hours Per Case) | | 24,914 | 41,900 | 57,439 |
| Observation Days (Observation Hours ÷ 24) | | 1,038 | 1,746 | 2,393 |

Source: Section Q, page 134.

Surgical Utilization

The applicant reviewed the HIDI SY2024 data of distribution of non-surgical vs. surgical inpatient discharges for the service area patients appropriate to be served at Duke Novant Mebane Hospital to project inpatient surgical cases in procedure rooms at Duke Novant Mebane Hospital.

| Table Q.25:Service Area Surgical & Non-Surgical Discharges | | |
|---|-------------|-------------------|
| | 2024 | % of Total |
| Non-Surgical Discharges | 9,620 | 70.5% |
| Surgical Discharges | 4,032 | 29.5% |
| Total | 13,652 | 100.0% |

Source: Section Q, page 134.

Approximately 29.5 percent of inpatient discharges were attributable to surgical inpatients and approximately 70.5 percent of discharges were attributable to medical, non-surgical inpatients. The applicant projects the distribution of medical and surgical patients at Duke Novant Mebane Hospital based on the SFY2024 utilization of medical and surgical patients for the identified service area patients appropriate to be served at Duke Novant Mebane Hospital.

| Table Q.26: Duke Novant Mebane Hospital Med/Surg Discharges | | | |
|--|--------------|--------------|--------------|
| | 2030 | 2031 | 2032 |
| Medical Inpatients (70.5%) | 803 | 1,351 | 1,852 |
| Surgical Inpatients (29.3%) | 337 | 566 | 776 |
| Total Med/Surg Discharges | 1,140 | 1,917 | 2,628 |

Source: Section Q, page 135.

The applicant projects Duke Novant Mebane Hospital will perform one inpatient surgical case for each surgical inpatient discharge.

| Table Q.27: Duke Novant Mebane Hospital Inpatient Surgical Cases | | | |
|---|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Inpatient Surgical Cases | 337 | 566 | 776 |

Source: Section Q, page 135.

The applicant reviewed the SFY2024 ratio of outpatient surgical cases to discharges at DRAH and DRH to project outpatient surgical cases at Duke Novant Mebane Hospital. DRAH performs a significant number of surgical procedures in procedure rooms. Since Duke Novant Mebane Hospital will include unlicensed procedure rooms constructed to OR specification, DRAH's volume of ambulatory surgical cases performed in unlicensed procedure rooms is appropriately included in the table below.

DRH performs only a limited number of surgical cases in unlicensed procedure rooms. DRH's OR utilization is included in the table below. The applicant states that this blended approach ensures the projected outpatient surgical volumes for Duke Novant Mebane Hospital reflect real-world practice patterns within DUHS facilities and align with the design and operational capabilities of the proposed hospital.

| Table Q.28 Ratio of Outpatient to Inpatient Discharges, SFY2024 | | | |
|--|-------------|------------|--------------|
| | DRAH | DRH | Total |
| Discharges | 10,778 | 15,379 | 26,157 |
| Ambulatory Surgery | 6,568* | 4,473 | 11,041 |
| Ratio of Amb Surg to Discharges | 0.609 | 0.291 | 0.422 |

Source: Section Q, page 135 and 2025 Hospital License Renewal Applications.

*Ambulatory surgery cases performed in unlicensed procedure rooms.

During SFY2024, the ratio of outpatient surgeries at DRAH and DRH was 0.422.

DUHS is planning a regional ambulatory care campus to deliver surgical care to outpatient populations, co-located with the proposed Duke Novant Mebane Hospital. Per NCGS § 131E-176(16)(b), qualified urban ambulatory surgical facilities (QUASF) will be excluded from the definition of new institutional health services effective November 21, 2025. The applicant plans to develop a QUASF after the November 21, 2025 effective date. The QUASF is intended to serve the outpatient surgical needs of Alamance County and surrounding areas.

The applicant has adjusted projections to reflect the assumption that significant ambulatory surgery volume would be accommodated in the QUASF rather than the hospital. Accordingly, the projected ratio of outpatient surgery cases to hospital discharges calculated above has been reduced to 50 percent of the SFY experience of DRAH and DRH. The table below reflects this assumption and presents projected outpatient surgical cases for Duke Novant Mebane Hospital.

| Table Q.29: Duke Novant Mebane Hospital Outpatient Surgical Cases | | | |
|--|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| Discharges | 1,140 | 1,917 | 2,628 |
| Ratio of OP Surgical Cases to Discharges | 0.211 | 0.211 | 0.211 |
| Outpatient Surgical Cases | 241 | 405 | 555 |

Source: Section Q, page 136.

Emergency Department Utilization

The applicant reviewed the distribution of inpatient discharges that were admitted through the emergency department for the service area patients appropriate to be served at the proposed hospital to project emergency department utilization at Duke Novant Mebane Hospital. The following table relies on the ER Flag in the HIDI data to identify inpatients who came through the ED.

| Table Q.30 Service Area Emergency Department Admissions Discharges Appropriate to be Served at Duke Novant Mebane Hospital | | |
|---|-------------|-------------------|
| | 2024 | % of Total |
| Non-ED | 3,801 | 27.8% |
| ED Admission | 9,851 | 72.2% |
| Total | 13,652 | 100.0% |

Source: Section Q, page 137.

Approximately 72.2 percent of the discharges identified as appropriate for the proposed facility were admitted via the emergency department based on SFY2024 HIDI data. The applicant assumes the percentage of discharges in the identified patient cohort who come through the ED will remain stable through the first three years of operation. The applicant applies the percentages to the projected inpatient discharges at Duke Novant Mebane Hospital as shown in the table below.

| Table Q.31: Duke Novant Mebane Hospital Inpatient Emergency Department Visits | | | | |
|--|--------------------------------|-------------|-------------|-------------|
| | Ratio To Discharges | 2030 | 2031 | 2032 |
| IP Discharges | 1.00 | 1,140 | 1,917 | 2,628 |
| IP ED Visits | 0.72 | 822 | 1,383 | 1,896 |

Source: Section Q, page 137.

The applicant reviewed the ratio of outpatient emergency department visits to inpatient discharges at DRAH and DRH to project outpatient emergency department visits.

| Table Q.32: Ratio of Outpatient Emergency Department Visits to Inpatient Discharges, SFY2024 | | | | | |
|---|-------------------|------------------|-------------------------------|---------------------|---|
| Facility | Discharges | A | B | C=A-B | Ratio OP ED Visits: Discharges |
| | | ED Visits | ED Visits Admitted | OP ED Visits | |
| DRAH | 10,778 | 47,376 | 7,424 | 39,952 | 3.71 |
| DRH | 15,379 | 59,330 | 10,410 | 48,920 | 3.18 |
| Total | 26,157 | 106,706 | 17,834 | 88,872 | 3.40 |

Source: Section Q, page 137; 2025 Hospital License Renewal Applications.

During SFY2024, the combined ratio of outpatient emergency department visits to discharges at DRAH and DRH was 3.4.

Alamance County residents currently have access to only one emergency department located at ARMC. There are no other existing or approved emergency departments or freestanding emergency rooms (FSERs) in the county.

DRAH operates in the highly competitive Wake County service area, which has multiple hospitals and FSERs offering emergency services. The proposed hospital will serve a county with limited options for emergency services, which supports the expectation of strong ED demand. Therefore, the applicant believes that the observed 3.4 outpatient ED visits-to-discharges ratio at DRAH and DRH is a reasonable and conservative benchmark for projecting ED volumes at Duke Novant Mebane Hospital.

| Table Q.33: Duke Novant Mebane Hospital Outpatient Emergency Department Visits | | | | |
|---|----------------------------|-------------|-------------|-------------|
| | Ratio To Discharges | 2030 | 2031 | 2032 |
| IP Discharges | 1.00 | 1,140 | 1,917 | 2,628 |
| OP ED Visits | 3.40 | 3,873 | 6,513 | 8,928 |

Source: Section Q, page 138.

The table below combines projected inpatient and outpatient emergency department utilization.

| Table Q.34: Duke Novant Mebane Hospital Emergency Department Visits | | | |
|--|--------------|--------------|---------------|
| | 2030 | 2031 | 2032 |
| IP ED Visits | 822 | 1,383 | 1,896 |
| OP ED Visits | 3,873 | 6,513 | 8,928 |
| Total ED Visits | 4,695 | 7,896 | 10,824 |

Source: Section Q, page 138.

Imaging & Ancillary Utilization

The applicant reviewed historical utilization data from DRAH to project imaging service utilization. The applicant selected DRAH as the reference facility because it operates with a more limited complement of diagnostic imaging equipment compared to DRH. Therefore, DRAH is a more conservative proxy resulting in more conservative projections.

| Table Q.35: DRAH Imaging Services, SFY2024 | | | | |
|---|---------------|------------------------|---------------|------------------------|
| | IP | | OP | |
| | Volume | Per Patient Day | Volume | Per Patient Day |
| Total Inpatient Days | 54,733 | 1.000 | 54,733 | 1.000 |
| X-Ray Procedures | 16,045 | 0.293 | 19,927 | 0.364 |
| Nuclear Medicine Procedures | 354 | 0.006 | 2,240 | 0.041 |
| Ultrasound Procedures | 3,099 | 0.057 | 5,149 | 0.094 |
| CT Scans | 10,183 | 0.186 | 40,212 | 0.735 |
| Echocardiogram | 3,759 | 0.069 | 2,960 | 0.054 |

Source: Section Q, page 139.

The applicant assumes that the SFY2024 ratio of imaging procedures to inpatient days of care for DRAH will be comparable to that of Duke Novant Mebane Hospital patients.

| Table Q.36: Duke Novant Mebane Hospital Inpatient Imaging Procedures | | | | |
|---|-------------------------|-------------|-------------|-------------|
| | Ratio to IP Days | 2030 | 2031 | 2032 |
| Total Inpatient Days | 1.000 | 5,065 | 8,518 | 11,677 |
| X-Ray Procedures | 0.293 | 1,485 | 2,497 | 3,423 |
| Nuclear Medicine Procedures | 0.006 | 33 | 55 | 76 |
| Ultrasound Procedures | 0.057 | 287 | 482 | 661 |
| CT Scans | 0.186 | 942 | 1,585 | 2,173 |
| Echocardiogram | 0.069 | 348 | 585 | 802 |

Source: Section Q, page 139.

| Table Q.37: Duke Novant Mebane Hospital Outpatient Imaging Procedures | | | | |
|--|-------------------------|-------------|-------------|-------------|
| | Ratio to IP Days | 2030 | 2031 | 2032 |
| Total Inpatient Days | 1.000 | 5,065 | 8,518 | 11,677 |
| X-Ray Procedures | 0.364 | 1,844 | 3,101 | 4,251 |
| Nuclear Medicine Procedures | 0.041 | 207 | 349 | 478 |
| Ultrasound Procedures | 0.094 | 476 | 801 | 1,099 |
| CT Scans | 0.735 | 3,721 | 6,258 | 8,579 |
| Echocardiogram | 0.054 | 274 | 461 | 632 |

Source: Section Q, page 139.

| Table Q.38: Duke Novant Mebane Hospital Total Imaging Procedures | | | |
|---|-------------|-------------|-------------|
| | 2030 | 2031 | 2032 |
| X-Ray Procedures | 3,329 | 5,598 | 7,675 |
| Nuclear Medicine Procedures | 240 | 404 | 553 |
| Ultrasound Procedures | 763 | 1,284 | 1,760 |
| CT Scans | 4,664 | 7,843 | 10,752 |
| Echocardiogram | 622 | 1,046 | 1,434 |

Source: Section Q, page 139.

| Table Q.39: DRAH Ancillary Services, SFY2024 | | |
|---|---------------|------------------------|
| | Volume | Per Patient Day |
| Total Inpatient Days | 54,733 | 1.000 |
| Laboratory | 543,763 | 9.935 |
| Physical Therapy | 58,627 | 1.071 |
| Speech Therapy | 1,515 | 0.028 |
| Occupational Therapy | 1,095 | 0.020 |

Source: Section Q, page 140.

The applicant assumes that the 2024 ratio of ancillary service utilization to inpatient days of care for DRAH will be comparable to that of Duke Novant Mebane Hospital patients.

| Table Q.43: Duke Novant Mebane Hospital Ancillary Services | | | | |
|---|-------------------------|-------------|-------------|-------------|
| | Ratio to IP Days | 2030 | 2031 | 2032 |
| Total Inpatient Days | 1.000 | 5,065 | 8,518 | 11,677 |
| Laboratory | 9.935 | 50,320 | 84,627 | 116,013 |
| Physical Therapy | 1.071 | 5,425 | 9,124 | 12,508 |
| Speech Therapy | 0.028 | 140 | 236 | 323 |
| Occupational Therapy | 0.020 | 101 | 170 | 234 |

Source: Section Q, page 140.

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

- There is a need determination in the 2025 SMFP for 46 acute care beds in the Alamance County service area.
- The applicant used historical inpatient discharges from the Alamance County service area that could be appropriately served at Duke Novant Mebane Hospital and SFY2024 as the base year.
- The applicant applied Alamance County's projected annual population growth rate of 1.1 percent to the base year discharges to project the number of acute discharges appropriate to be served at the proposed hospital.
- To project the share of discharges for the proposed hospital the applicant anticipates that a portion will come from a shift of its current share of discharges in the service area shifting to the new hospital and that it will capture an incremental share of discharges appropriate for the facility. Also, the applicant anticipates that the proposed hospital will service a portion of discharges originating outside the service area.
- The applicant identified DRAH and DRH as reasonable proxies for the proposed project because they are community hospitals with similar characteristics and service delivery models. The applicant used the historical utilization at DRAH and DRH as a reflection of the utilization patterns that can be expected at Duke Novant Mebane Hospital.

Access to Medically Underserved Groups

In Section C, page 63-64, the applicant states all medically underserved groups will have access to Duke Novant Mebane Hospital and that it will not discriminate on the basis of race, color, national origin, gender, disability, age, or payor source. The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| Medically Underserved Groups | Percentage of Total Patients |
|------------------------------|------------------------------|
| Low income persons | 24.8% |
| Racial and ethnic minorities | 28.6% |
| Women | 52.1% |
| Persons with Disabilities | * |
| Persons 65 and older | 31.4% |
| Medicare beneficiaries | 31.4% |
| Medicaid recipients | 14.9% |

Source: Section C, page 64.

*DUHS and Novant Health do not maintain data regarding the number of disabled persons served.

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 its Patient Accessibility Policies in Exhibit C.6.
- The applicant provides its Patient Financial Policies in Exhibit L.4.
- In Section B of the application, the applicant describes how the project will provide culturally competent healthcare to members of the medically underserved community to increase health equity and reduce health disparities in underserved communities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA – Both Applications

None of the applicants 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.

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section E, pages 76-77, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- **Develop the 46 Additional Acute Care Beds Identified in the 2025 SMFP at ARMC.**
The applicant states that while ARMC occupancy is projected to remain high, there are physical constraints at the ARMC campus that create obstacles for continued expansion. The applicant states that the proposed project will help mitigate inpatient capacity constraints at ARMC and improve healthcare access and quality of care for patients throughout Alamance County. Therefore, this is a less effective alternative.
- **Expand the Mebane Campus with a Different Number of Beds and/or Other Services.**
The applicant states that the 46-beds proposed for Cone Health Mebane is well-suited to deliver acuity-appropriate inpatient services and will improve access and convenience for Mebane service area patients, while mitigating capacity constraints at ARMC. The applicant states that it believes the other services represent the appropriate configuration needed to support the acute care beds and meet the comprehensive healthcare needs of the growing Mebane service area. Therefore, this is a less effective alternative.

On page 76, the applicant states that its proposal is the most effective alternative because the proposed project will help mitigate inpatient capacity constraints at ARMC and improve healthcare access and quality of care for patients in Mebane and throughout Alamance County.

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

- The applicant 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section E, pages 73-76, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- **Maintain the Status Quo.** The applicant states that continuing to rely on ARMC as the county's sole licensed acute care hospital is not an effective or sustainable solution for addressing the current and future healthcare needs of the regions for several reasons. The applicant states that the status quo is not a long-term solution and it perpetuates access disparities, fails to keep pace with population growth, and does not reflect the evolving care patterns and provider relationships already established in the region. Therefore, maintaining the status quo is a less effective alternative.
- **Develop a Hospital by One Applicant.** The applicant states that one alternative is the development of the new hospital by a single applicant, either DUHS or Novant Health acting alone. The applicant states that the joint application leverages several strategic advantages that a single-entity development cannot replicate such as reducing the financial burden on one system, maximizing the use of shared resources, and improved care coordination. Therefore, developing a new hospital by one applicant is a less effective alternative.
- **Develop a Different Number of Acute Care Beds at Duke Novant Mebane Hospital.** The applicant could have applied for a different number of acute care beds at Duke Novant Mebane Hospital. However, the applicant determined that the need they could meet supported a 46-bed facility, which also allows a broader scope of services than a smaller facility. Therefore, this is a less effective alternative.
- **Develop Duke Novant Mebane Hospital at a Different Location in the Service Area.** Another option was to develop the hospital at a different location. The applicant states that the majority of the relevant discharges are concentrated in ZIP codes immediately surrounding the proposed Duke Novant Mebane Hospital site and the site is positioned adjacent to major regional transportation corridors, including Interstate 40, Interstate 85, and Highway 70. Therefore, developing the proposed hospital at a different location in the service area is a less effective alternative.

On page 75, the applicant states that its proposal is the most effective alternative because the proposed project represents the most effective, efficient, and impactful solution for meeting the region's acute care needs and enhance competition between Duke Novant Mebane Hospital and other health systems in Alamance County.

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

- The applicant 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.

Conclusion

The Agency reviewed the:

- Application
 - Exhibits to the application
 - Written comments
 - Responses to comments
- (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 – Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

Capital and Working Capital Costs

In Section Q, page 156, on Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

| | |
|-------------------------------------|----------------------|
| Site Preparation | \$5,940,000 |
| Construction/Renovation Contract(s) | \$175,660,000 |
| Architect /Engineering Fees | \$10,896,000 |
| Medical Equipment | \$23,400,000 |
| Non Medical Equipment | 10,020,000 |
| Furniture | \$1,030,000 |
| Consulting Fees (Various) | \$645,000 |
| Other (Fees, Permits, Licensing) | \$22,758,000 |
| Total | \$250,349,000 |

In Section Q, page 157, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Site preparation costs are based on the experience of the project architect with similar project and includes landscaping costs.
- Construction and renovation contract costs and architect and engineering fees are based on the experience of the project architect with similar projects.
- Medical equipment costs, non-medical equipment costs (includes IT), and furniture costs are based on market prices and the experience of the project architect and design team with similar projects.

In Section F, page 80, the applicant states there will be no start-up costs or initial operating expenses because the proposed project involves an existing campus of a licensed facility, ARMC. The applicant states that although new services are being developed at this campus, the operating costs to develop these services are part of the ongoing operational costs for ARMC, not start-up or initial operating costs.

Availability of Funds

In Section F, page 79, the applicant states that the capital cost will be funded with accumulated reserves of The Moses H. Cone Memorial Hospital d/b/a Cone Health. The Moses H. Cone Memorial Hospital is the parent entity of ARMC Health Care, which is the parent entity of the applicant, ARMC, Inc.

Exhibit F.2-1 contains a letter dated April 15, 2025, from the Chief Financial Officer for Cone Health stating that The Moses H. Cone Memorial Hospital will fund the capital cost of the proposed project from existing accumulated reserves. Exhibit F.2-2 contains the most recent audited financial statements for Cone Health which indicate the hospital had adequate cash and cash equivalents as of September 30, 2024.

The applicant adequately demonstrates the availability of sufficient funds for 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. In Form F.2b, page 168, the applicant projects for the total facility that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

| Cone Health Mebane Hospital Total Facility | 1st Full Fiscal Year CY2030 | 2nd Full Fiscal Year CY2031 | 3rd Full Fiscal Year CY2032 |
|---|--|--|--|
| Total Gross Revenues (Charges) | \$288,097,554 | \$374,975,872 | \$417,770,396 |
| Total Net Revenue | \$90,185,625 | \$115,839,117 | \$128,693,577 |
| Total Operating Expenses (Costs) | \$81,581,428 | \$103,049,873 | \$113,377,095 |
| Net Income | \$8,604,197 | \$12,789,243 | \$15,316,482 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 170. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant states patient services gross revenue is based on January to December 2024 payor mix of the acuity-appropriate patients expected to be served and average charge for the services through the project years.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

Capital and Working Capital Costs

In Section Q, page 141, on Form F.1a, the applicant projects the total capital cost of the project, as shown in the table below.

| | DUHS | Novant Health | Total |
|------------------------------|----------------------|----------------------|----------------------|
| Site Preparation | \$2,500,000 | \$2,500,000 | \$5,000,000 |
| Construction Contract(s) | \$67,027,500 | \$67,027,500 | \$134,055,000 |
| Landscaping | \$150,000 | \$150,000 | \$300,000 |
| Architect / Engineering Fees | \$5,205,000 | \$5,205,000 | \$10,410,000 |
| Medical Equipment | \$11,315,336 | \$11,315,336 | \$22,630,672 |
| Non-Medical Equipment | \$5,480,000 | \$5,480,000 | \$10,960,000 |
| Furniture | \$2,176,000 | \$2,176,000 | \$4,352,000 |
| Other (Contingency) | \$18,646,164 | \$18,646,164 | \$37,292,328 |
| Total | \$112,500,000 | \$112,500,000 | \$225,000,000 |

In Section Q, page 141, the applicant provides the assumptions used to project the capital cost and supporting documentation in Exhibit F.1. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Site preparation costs are for hospital portion of the site only.
- Medical equipment costs and non-medical equipment costs (includes IT) are based on the experience of DUHS and Novant Health with similar projects.
- Exhibit F.1 contains a cost certification letter dated April 10, 2025, from a licensed architect certifying the projected construction costs to develop a new 46-bed inpatient facility in Mebane in Alamance County is \$225,000,000.

In Section F, page 80, the applicant projects that start-up costs will be \$7,000,000 and initial operating expenses will be \$3,800,000 for a total working capital of \$10,800,000. On pages 80-81, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant assumes a 24-month initial operating period when operating expenses are expected to exceed revenues. The applicant has documented the availability of funds to cover all operating costs (less depreciation) during the first two years of the project.
- Start-up expenses include staffing salaries, benefits, contractors, supplies (medical and other), rental expenses, utilities, insurance, marketing, and other expenses related to facility preparation.

Availability of Funds

In Section F, page 79, the applicant states that the capital cost will be funded with accumulated reserves of DUHS and Novant Health.

Exhibit F.2 contains a letter dated April 14, 2025, from the Senior Vice President, Chief Financial Officer, Treasurer for DUHS stating that DUHS will fund the project development and working capital needs of the proposed project from existing accumulated reserves. Exhibit

F.2 contains the most recent audited financial statements for DUHS which indicate the hospital had adequate cash and cash equivalents as of June 30, 2024.

Exhibit F.2 contains a letter dated April 13, 2025, from the Executive Vice President and Chief Financial Officer for Novant Health, Inc. stating that Novant Health will fund the project development and working capital needs of the proposed project from existing accumulated reserves. Exhibit F.2 contains the most recent audited financial statements for Novant Health which indicate the hospital had adequate cash and cash equivalents as of December 31, 2024.

The applicant adequately demonstrates the availability of sufficient funds for 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. In Form F.2b, page 142, the applicant projects for the total facility projects an operating loss in the first three full fiscal years following completion of the project, as shown in the table below.

| Duke Novant Mebane Hospital Total Facility | 1st Full Fiscal Year 7/1/2029 to 6/30/2030 | 2nd Full Fiscal Year 7/1/2030 to 6/30/2031 | 3rd Full Fiscal Year 7/1/2031 to 6/30/2032 |
|---|---|---|---|
| Total Gross Revenue | \$86,038,723 | \$144,698,779 | \$198,363,625 |
| Total Net Revenue | \$27,226,019 | \$46,627,816 | \$65,093,081 |
| Total Operating Expenses (Costs) | \$41,923,456 | \$57,798,965 | \$73,372,091 |
| Net Income | -\$14,697,437 | -\$11,171,149 | -\$8,279,011 |

The applicant states that it is committed to the financial feasibility of the facility to meet the identified needs of the patients to be served. The applicant states that DUHS and Novant Health are committed to funding continued operations and capital investments from accumulated reserves as well as operating revenues, to the extent that the project's pro forma financial statements demonstrate operating losses.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 156-157. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant projects an operating loss for all project years. However, when depreciation is excluded, the facility is cash-flow positive during the third project year.
- The applicant has documented the availability of funds to cover all operating costs.
- 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
- Written comments
- Responses to comments

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

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital 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-Both Applications

The 2025 SMFP includes a need determination for 46 acute care beds in the Alamance County service area.

On page 33, the 2025 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 38, shows Alamance County as its own acute care bed service area. Thus, the service area for this facility is Alamance County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 39 of the 2025 SMFP shows that Alamance Regional Medical Center is the only facility in Alamance County with acute care beds.

As of the date of this decision, there are 170 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

| Alamance County Service Area Acute Care Beds | |
|--|---------------|
| Facility | Existing Beds |
| Alamance Regional Medical Center | 170 |
| Alamance Service Area Total | 170 |

Source: 2025 SMFP, Table 5A, page 39.

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section G, page 88, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Alamance County. The applicant states:

“... the proposed project involves the expansion of services at Cone Health’s existing Mebane campus through the development of 46 licensed acute care beds at the proposed Cone Health Mebane Hospital, pursuant to the need determination in the 2025 SMFP for Alamance County. ... Notably, the need in the 2025 SMFP was generated by ARMC. To support the significant and growing patient demand for acute care services in Alamance County identified in the 2025 SMFP, Cone Health proposes to develop the 46 beds at its existing Mebane campus to improve access in Alamance County, particularly for patients located in the growing Mebane service area. Cone Health believes that developing the 46 additional acute care beds at the proposed Cone Health Mebane Hospital will improve access and convenience for Mebane patients, particularly those that are already seeking care at ARMC, while also mitigating capacity constraints at ARMC. Further, the projected utilization included within this application demonstrates that the proposed hospital services at Cone Health Mebane Hospital will not unnecessarily duplicate existing or approved facilities. Thus, the proposed project will not result in any unnecessary duplication. Rather, it represents a response to capacity constraints at the existing ARMC facility. ... the ARMC campus is currently operating at near capacity, with limited physical space for expansion on its current site. Despite the growing population and increasing service demands in Alamance County, ARMC faces structural and logistical challenges to expanding its existing footprint. With ARMC situated in the western portion of Alamance County and the existing Mebane campus in the eastern portion, the proposed Cone Health Mebane Hospital would support equitable access to healthcare services throughout the county, particularly for the rapidly growing Mebane community. The inclusion of certain support services at both locations is necessary to provide comprehensive care at both locations and aligns with best practices for community hospital campuses serving distinct geographic areas. Rather than unnecessary duplication, these services represent essential components of a complete care system designed to meet the needs of patients in local communities.”

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 2025 SMFP for the proposed acute care beds.
- The applicant is the only provider of acute care services in the Alamance County service area.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section G, page 88, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved acute care bed services in Alamance County. The applicant states:

“The proposed project will not result in unnecessary duplication of existing or approved facilities in Alamance County. The 2025 SMFP has identified a need for 46 additional acute care beds in the service area because acute care utilization in the service area is projected to exceed the capacity of the existing and approved acute care beds in Alamance County. Neither DUHS nor Novant Health operate any hospitals in Alamance County.

...the applicants demonstrate the need the population has for the proposed project based on demographic data, historical service area utilization, and qualitative benefits, including hospital competition.”

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 2025 SMFP for the proposed acute care beds.
- The applicant adequately demonstrates that the proposed acute care beds are needed in addition to the existing acute care beds. The discussion regarding demonstration of need found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section Q, on Form H, pages 171-172, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| Position | Projected FTE Staff | | |
|--------------------------|---------------------|-------------|-------------|
| | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | CY2030 | CY2031 | CY2032 |
| Admin Team Lead | 1.0 | 1.0 | 1.0 |
| Cashier | 0.7 | 1.0 | 1.1 |
| Cook | 3.7 | 5.2 | 5.7 |
| CT Supervisor | 0.4 | 0.6 | 0.6 |
| CT Tech | 2.0 | 2.9 | 3.2 |
| Endo Tech | 2.9 | 4.1 | 4.5 |
| EVS Lead | 3.0 | 3.0 | 3.0 |
| EVS Tech | 11.0 | 11.0 | 11.0 |
| Food Service Supervisor | 1.0 | 1.0 | 1.0 |
| Food Service Tech | 2.5 | 3.5 | 3.9 |
| Host | 4.6 | 6.5 | 7.2 |
| Inventory Analyst | 1.0 | 1.0 | 1.0 |
| Lab Manager | 1.0 | 1.0 | 1.0 |
| Lab Supervisor | 0.1 | 0.1 | 0.1 |
| Licensed Practical Nurse | 20.8 | 29.5 | 32.6 |
| Materials Associate | 3.0 | 3.0 | 3.0 |
| Mechanic | 2.0 | 3.0 | 3.0 |
| Med Lab Tech | 3.3 | 4.7 | 5.2 |
| Mobility Specialist | 0.5 | 0.7 | 0.8 |
| MRI Supervisor | 0.1 | 0.2 | 0.2 |
| MRI Tech | 2.3 | 3.2 | 3.6 |
| Nuc Med Supervisor | 0.4 | 0.5 | 0.6 |
| Nuc Med Tech | 0.5 | 0.8 | 0.8 |
| Nurse Secretary | 1.8 | 2.6 | 2.9 |
| Nurse Tech | 28.9 | 40.8 | 45.2 |
| Nursing Director | 4.0 | 4.0 | 4.0 |
| Nursing Manager | 3.0 | 3.0 | 3.0 |
| Nursing Secretary | 0.5 | 0.8 | 0.8 |

| Position | Projected FTE Staff | | |
|---|---------------------|--------------|--------------|
| | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | CY2030 | CY2031 | CY2032 |
| Nursing Supervisor | 2.0 | 2.0 | 2.0 |
| Occupational Therapist | 1.2 | 1.7 | 1.9 |
| Office Manager | 1.0 | 1.0 | 1.0 |
| Paramedic | 1.1 | 1.6 | 1.8 |
| Patient Access ED Registration Specialist | 4.5 | 6.3 | 7.0 |
| Patient Access Lead | 1.0 | 1.0 | 1.0 |
| Patient Access Specialist | 2.0 | 2.0 | 2.0 |
| Patient Access Supervisor | 1.0 | 1.0 | 1.0 |
| Pharmacist | 2.6 | 3.6 | 4.0 |
| Pharmacy Manager | 1.0 | 1.0 | 1.0 |
| Pharmacy Tech | 3.4 | 4.8 | 5.3 |
| Phlebotomist | 3.3 | 4.7 | 5.2 |
| Physical Therapist | 4.0 | 5.6 | 6.2 |
| Plant Ops Supervisor | 1.0 | 1.0 | 1.0 |
| PT Asst | 0.9 | 1.3 | 1.5 |
| Rad Tech | 2.5 | 3.5 | 3.8 |
| Registered Nurse | 45.8 | 64.9 | 71.8 |
| Rehab Supervisor | 1.0 | 1.0 | 1.0 |
| Resp Therapist | 1.7 | 2.5 | 2.7 |
| Resp Therapy Manager | 1.0 | 1.0 | 1.0 |
| Scheduler | 1.9 | 2.7 | 3.0 |
| Sitter | 0.3 | 0.4 | 0.4 |
| Sonographer | 1.4 | 2.0 | 2.2 |
| SPD Specialist | 1.0 | 1.0 | 1.0 |
| SPD Tech | 2.0 | 2.0 | 2.0 |
| Speech Language Pathologist | 1.8 | 2.6 | 2.8 |
| Supply Chain Coordinator | 1.2 | 1.8 | 1.9 |
| Supply Chain Manager | 1.0 | 1.0 | 1.0 |
| Support Rep | 1.2 | 1.7 | 1.9 |
| Surg Tech | 7.6 | 10.8 | 11.9 |
| Surgical Tech | 0.9 | 1.2 | 1.3 |
| US Supervisor | 0.3 | 0.5 | 0.5 |
| X-Ray Supervisor | 0.7 | 1.0 | 1.2 |
| Total | 209.5 | 278.7 | 303.5 |

The assumptions and methodology used to project staffing are provided in Section Q, page 173. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, page 169. In Section H, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant adequately demonstrates it has experience in recruitment and retention of employees as one of the largest employers in the Piedmont Triad region of North Carolina.

- The applicant states that in-service education, continuing education seminars, and individual training of staff will be required of all clinical staff at Cone Health and the applicant will continue to provide resources to cover reasonable expenses for staff to attend outside professional continuing education classes as well as provide in-house training resources.
- The applicant adequately documents the number of FTE staff it projects will be needed to offer the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section Q, on Form H, pages 152-153, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| Position | Projected FTE Staff | | |
|--|---------------------|--------------------|--------------------|
| | 1st Full FY | 2nd Full FY | 3rd Full FY |
| | 7/1/2029-6/30/2030 | 7/1/2030-6/30/2031 | 7/1/2031-6/30/2032 |
| Nurse Practitioners | 1.20 | 1.20 | 1.20 |
| Registered Nurses | 24.00 | 40.50 | 59.70 |
| Certified Nurse Aides / Nursing Assistants | 10.40 | 17.90 | 25.10 |
| Other: Anesthesia Tech/CRNA | 7.30 | 7.30 | 7.30 |
| Surgical Technicians | 6.30 | 8.60 | 13.70 |
| Laboratory Technicians | 6.00 | 6.00 | 6.00 |
| Radiology Technologists | 25.00 | 26.00 | 28.00 |
| Pharmacists | 3.10 | 5.30 | 7.20 |
| Pharmacy Technicians | 3.20 | 5.20 | 7.30 |
| Physical Therapists | 5.70 | 9.40 | 13.00 |
| Occupational Therapists | 0.70 | 1.20 | 1.60 |
| Respiratory Therapists | 4.00 | 6.60 | 9.10 |
| Dieticians | 0.20 | 0.20 | 0.20 |
| Social Workers | 1.00 | 1.00 | 1.00 |
| Central Sterile Supply | 9.00 | 11.00 | 11.00 |
| Clerical | 2.70 | 2.70 | 2.70 |
| Financial Care Counselor | 2.00 | 2.00 | 2.00 |
| Emergency Department Technician | 3.90 | 6.70 | 9.10 |
| Operations Administration | 3.20 | 3.30 | 3.40 |
| Physician Assistants | 1.20 | 2.10 | 2.80 |
| Employed Physician | 4.80 | 7.70 | 10.50 |
| Infection Control | 0.10 | 0.20 | 0.30 |
| Patient Support | 0.60 | 1.00 | 1.30 |
| Patient Transporters | 2.00 | 3.40 | 4.60 |
| Speech/Audiology | 0.40 | 0.70 | 0.90 |
| Total | 128.00 | 177.20 | 229.00 |

The assumptions and methodology used to project staffing are provided in Section H, page 90, and Section Q, page 158. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3a, page 151. In Section H, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant adequately demonstrates it has experience in recruiting and retaining qualified clinical and non-clinical personnel as two of the largest healthcare employers in North Carolina.
- The applicant states that in service education, continuing education seminars, and individual training of staff will be required of all clinical staff and the proposed hospital will have an annual budget for staff training to maintain licenses and certifications.
- The applicant adequately documents the number of FTE staff it projects will be needed to offer the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

Ancillary and Support Services

In Section I, page 93, the applicant identifies the necessary ancillary and support services for the proposed services. On page 93, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the applicant's statement that the ancillary and support services will be available on-site by the hospital staff or otherwise provided by Cone Health.

Coordination

In Section I, page 94, 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 its statement regarding established relationships with healthcare and social service providers in the region and letters of support from local health care and community partners included in Exhibit I.2.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

Ancillary and Support Services

In Section I, page 93, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 93-94, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the applicant's statement that the ancillary and support services will be available on-site by the hospital staff or otherwise provided by Duke Novant Mebane Hospital.

Coordination

In Section I, pages 94-95, 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 its statement regarding established relationships with healthcare and social service providers in the region and letters of support from local health care and community partners included in Exhibit I.2.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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-Both Applications

Neither of the applicants projects 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 applicants do 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-Both Applications

Neither of the applicants is 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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section K, page 97, the applicant states that the project involves constructing 161,578 square feet of new space. Line drawings are provided in Exhibit C.1. Cone Health Mebane Hospital will be licensed as part of ARMC and developed on ARMC's existing Mebane campus, MedCenter Mebane. On page 99, the applicant states that the project site will need to be rezoned to Office and Institutional District (OI) to permit hospital use. The existing MedCenter Mebane and medical office buildings are permitted under the current B-2 zoning, but the proposed hospital will require OI zoning.

On pages 97-98, 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 architect will implement an Integrated Project Delivery (IPD) method. The applicant states that the IPD method was chosen to minimize construction costs and eliminate waste while maximizing value.
- The applicant states that the IPD method has consistently proven its effectiveness in healthcare construction by delivering measurable benefits including fewer change orders, faster completion times, and superior quality outcomes.

On page 98, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant states that The Value-Based Care Institute was launched by Cone Health in 2024 and this initiative directly supports the proposed project's cost-effectiveness by embedding value-based principles throughout Cone Health's service development and delivery models.
- The applicant states that Cone Health's commitment to value-based care will ensure that the proposed Cone Health Mebane Hospital operates with financial discipline and patient-centered efficiency, preventing undue increases in costs and maintaining affordable charges to the public for services.
- The applicant states that The Value-Based Care Institute aligns with the proposed community hospital model, which aims to provide appropriate care in a more cost-effective setting closer to patients' homes.

In Section B, page 28, 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
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section K, page 97, the applicant states that the project involves constructing 145,060 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 99-100, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.4. The site appears to be suitable for the proposed 46 acute care beds based on the applicant's representations and supporting documentation.

On pages 97-98, 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 proposed facility will be constructed with a focus on long-term efficiency and cost containment.
- The applicant states that the facility will include shell space to accommodate future expansion needs. The applicant states that incorporating this space during initial construction allows the project to take advantage of significant cost efficiencies, such as reduced construction mobilization costs and minimized disruptions to hospital operations in the future.
- Exhibit F-1 contains a letter dated April 10, 2025, from a licensed architect that states the proposed construction represents the most reasonable and cost-effective approach to develop the proposed project.

On page 98, 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 projected reimbursement for the proposed services are set by Medicare, Medicaid and existing private payor contracts.

In Section K, page 98, and Section B, pages 29-30, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit F.1.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Responses to comments

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 – Cone Health Mebane Hospital
NA – Duke Novant Mebane Hospital

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section L, page 101, the applicant provides the historical payor mix during FY 2024 for the proposed services, as shown in the table below.

| ARMC (Total License) 10/01/2023 to 09/30/2024 | |
|--|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 4.1% |
| Charity Care^ | |
| Medicare* | 52.7% |
| Medicaid* | 14.4% |
| Insurance* | 25.0% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 3.9% |
| Total | 100.0% |

Source: Section L, page 101.

*Includes any managed care plans.

^ARMC 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, and other payors are included in the Other payor category.

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

| ARMC | 2024 | |
|-------------------------------------|-------------------------------------|---|
| | Percentage of Total Patients Served | Percentage of the Population of the Service Area* |
| Female | 62.8% | 52.1% |
| Male | 37.2% | 47.9% |
| Unknown | 0.0% | 0.0% |
| 64 and Younger | 61.2% | 82.6% |
| 65 and Older | 38.9% | 17.4% |
| American Indian | 0.3% | 1.5% |
| Asian | 0.7% | 2.1% |
| Black or African-American | 24.7% | 22.5% |
| Native Hawaiian or Pacific Islander | 0.1% | 0.1% |
| White or Caucasian | 65.5% | 71.1% |
| Other Race | 7.0% | 2.6% |
| Declined / Unavailable | 1.8% | 0.0% |

Source: Section L, page 102.

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

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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.

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

Duke Novant Mebane Hospital is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (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 – Cone Health Mebane Hospital
NA – Duke Novant Mebane Hospital

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 103, the applicant states it has no such obligation.

In Section L, page 104, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

Duke Novant Mebane Hospital is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

- (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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section L, pages 105-106, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the tables below.

| ARMC (Total License) CY 2032 | |
|--|-------------------------------------|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 3.1% |
| Charity Care^ | |
| Medicare* | 52.7% |
| Medicaid* | 15.4% |
| Insurance* | 25.0% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 3.9% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^ARMC 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, 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 3.1% of services on ARMC's total license will be provided to self-pay patients, 52.7% to Medicare patients and 15.4% to Medicaid patients.

| Cone Health Mebane Hospital Inpatient Services CY 2032 | |
|--|-------------------------------------|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 1.8% |
| Charity Care^ | |
| Medicare* | 62.9% |
| Medicaid* | 17.4% |
| Insurance* | 15.0% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 3.0% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^ARMC 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, 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 1.8% of inpatient services at Cone Health Mebane Hospital will be provided to self-pay patients, 62.9% to Medicare patients and 17.4% to Medicaid patients.

| Cone Health Mebane Hospital Ambulatory Surgical Services CY 2032 | |
|--|-------------------------------------|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 2.2% |
| Charity Care^ | |
| Medicare* | 44.8% |
| Medicaid* | 13.9% |
| Insurance* | 37.7% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 1.4% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^ARMC 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, 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 2.2% of ambulatory surgical services at Cone Health Mebane Hospital will be provided to self-pay patients, 44.8% to Medicare patients and 13.9% to Medicaid patients.

| Cone Health Mebane Hospital Outpatient ED Services CY 2032 | |
|--|-------------------------------------|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 6.7% |
| Charity Care^ | |
| Medicare* | 37.5% |
| Medicaid* | 25.0% |
| Insurance* | 26.6% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 4.1% |
| Total | 100.0% |

Source: Section L, page 106.

*Includes any managed care plans.

^ARMC 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, 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 6.7% of outpatient ED services at Cone Health Mebane Hospital will be provided to self-pay patients, 37.5% to Medicare patients and 25.0% to Medicaid patients.

| Cone Health Mebane Hospital Outpatient Imaging Services CY2032 | |
|--|-------------------------------------|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 2.9% |
| Charity Care^ | |
| Medicare* | 55.9% |
| Medicaid* | 12.1% |
| Insurance* | 27.0% |
| Workers Compensation^^ | |
| TRICARE^^ | |
| Other (Other Payor, Workers Compensation^^ | 2.1% |
| Total | 100.0% |

Source: Section L, page 106.

*Includes any managed care plans.

^ARMC 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, 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 2.9% of outpatient imaging services at Cone Health Mebane Hospital will be provided to self-pay patients, 55.9% to Medicare patients and 12.1% to Medicaid patients.

On page 104, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix for Cone Health Mebane Hospital inpatient services is based on the payor mix of acuity-appropriate patients from the projected service area who are currently receiving services at ARMC.
- The projected payor mix for ambulatory surgery is based on the blend of historical payor mixes of patients from the service area who seek outpatient surgery at ARMC and from the existing Mebane Surgery Center at MedCenter Mebane.
- The projected payor mix for outpatient imaging is based on the historical payor mix of outpatient imaging patients at ARMC weighted for each respective imaging component.
- FY2024 data indicates that the anticipated payor mix shift from self-pay patients to Medicaid has begun with the expansion of Medicaid coverage in North Carolina beginning in December 2023. The applicant projects an additional 25 percent shift of self-pay patients to Medicaid.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section L, pages 104-105, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the tables below.

| Duke Novant Mebane Hospital: Facility 07/1/2031 to 6/30/2032 | |
|---|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 1.0% |
| Charity Care | 8.8% |
| Medicare* | 31.4% |
| Medicaid* | 14.9% |
| Insurance* | 39.2% |
| TRICARE | 0.3% |
| Workers' Compensation | 3.4% |
| Other^ | 0.9% |
| Total | 100.0% |

Source: Section L, page 104.

*Includes any managed care plans.

^Other includes Other Govt & Institutional.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of services at Duke Novant Mebane Hospital will be provided to self-pay patients, 8.8% to charity care patients, 31.4% to Medicare patients and 14.9% to Medicaid patients.

| Duke Novant Mebane Hospital Acute Care Beds (IP Medical and ED) 07/1/2031 to 6/30/2032 | |
|---|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 0.3% |
| Charity Care | 3.7% |
| Medicare* | 49.7% |
| Medicaid* | 10.0% |
| Insurance* | 32.4% |
| TRICARE | 0.6% |
| Workers' Compensation | 0.0% |
| Other^ | 3.4% |
| Total | 100.0% |

Source: Section L, page 104.

*Includes any managed care plans.

^Other includes Other Govt & Institutional.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.3% of acute care beds (IP Medical and ED) services at Duke Novant Mebane Hospital will be provided to self-pay patients, 3.7% to charity care patients, 49.7% to Medicare patients and 10.0% to Medicaid patients.

| Duke Novant Mebane Hospital IP and OP Surgery 07/1/2031 to 6/30/2032 | |
|---|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 0.2% |
| Charity Care | 2.8% |
| Medicare* | 32.3% |
| Medicaid* | 9.4% |
| Insurance* | 32.0% |
| TRICARE | 0.0% |
| Workers' Compensation | 21.8% |
| Other^ | 1.4% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^Other includes Other Govt & Institutional.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.2% of IP and OP surgery services at Duke Novant Mebane Hospital will be provided to self-pay patients, 2.8% to charity care patients, 32.3% to Medicare patients and 9.4% to Medicaid patients.

| Duke Novant Mebane Hospital OP ED, OBS, and Other Diagnostics 07/1/2031 to 6/30/2032 | |
|---|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 1.2% |
| Charity Care | 10.5% |
| Medicare* | 29.2% |
| Medicaid* | 16.3% |
| Insurance* | 40.4% |
| TRICARE | 0.3% |
| Workers' Compensation | 1.7% |
| Other^ | 0.4% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^Other includes Other Govt & Institutional.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.2% of OP ED, OBS, and other diagnostic services at Duke Novant Mebane Hospital will be provided to self-pay patients, 10.5% to charity care patients, 29.2% to Medicare patients and 16.3% to Medicaid patients.

| Duke Novant Mebane Hospital Obstetrics 07/1/2031 to 6/30/2032 | |
|--|--|
| Payor Source | Percentage of Total Patients Served |
| Self-Pay | 2.1% |
| Charity Care | 1.2% |
| Medicare* | 1.0% |
| Medicaid* | 17.7% |
| Insurance* | 76.3% |
| TRICARE | 1.5% |
| Workers' Compensation | |
| Other^ | 0.3% |
| Total | 100.0% |

Source: Section L, page 105.

*Includes any managed care plans.

^Other includes Other Govt & Institutional.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.1% of obstetric services at Duke Novant Mebane Hospital will be provided to self-pay patients, 1.2% to charity care patients, 1.0% to Medicare patients and 17.7% to Medicaid patients.

On page 106, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix for each service component is based on the identified cohort of Alamance County patient discharged from DUHS facilities during SFY2024.
- The projections reflect an anticipated shift of 2.0% of private insurance patients to Medicare in SFY2025 to reflect the anticipated aging of the population and resulting utilization patterns of acute care services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section L, page 107, 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
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section L, page 107, 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
- Written comments
- Responses to comments

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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section M, pages 108-109, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have will have access to the facility for training purposes based on the following:

- Cone Health with the University of North Carolina at Chapel Hill (UNCCH) sponsors accredited residency and fellowship programs in internal medicine, family practice, psychiatry, and sports medicine.
- Cone Health partners with UNCCH to provide a pediatric primary care residency and serves as a clinical rotation site for other UNCCH pediatric residents.
- Emergency medicine residents rotate through Cone Health EDs during their second and third years of training.
- The applicant provides a list of the college and university health professional training programs that currently utilize the training opportunities through Cone Health

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

In Section M, page 108, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have will have access to the facility for training purposes based on the following:

- The applicant provides a statement that Duke Novant Mebane Hospital will support and expand access to training opportunities for health professional students across the region.
- DUHS has experience in supporting clinical training programs and maintains clinical education partnerships with Duke's own graduate medical education and health professions programs as well as clinical education partnerships with the University of North Carolina at Chapel Hill, Wake Technical Community College, Johnston Community College, and other local and regional training programs.

- Novant Health has experience in supporting clinical training programs and it has partnerships with surrounding area health professional programs including High Point University, Guilford Technical Community College, and Winston Salem State University.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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-Both Applications

The 2025 SMFP includes a need determination for 46 acute care beds in the Alamance County service area.

On page 33, the 2025 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 38, shows Alamance County as its own acute care bed service area. Thus, the service area for this facility is Alamance County. Facilities may also serve residents of counties not included in their service area.

Table 5A on page 39 of the 2025 SMFP shows that Alamance Regional Medical Center is the only facility in Alamance County with acute care beds.

As of the date of this decision, there are 170 existing and approved acute care beds located at one facility operated by one provider, as illustrated in the following table.

| Alamance County Service Area Acute Care Beds | |
|--|---------------|
| Facility | Existing Beds |
| Alamance Regional Medical Center | 170 |
| Alamance Service Area Total | 170 |

Source: 2025 SMFP, Table 5A, page 39.

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

The applicant proposes to develop a new 46-bed acute care hospital pursuant to the 2025 SMFP need determination.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 110, the applicant states:

“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to acute care services. The proposed Cone Health Mebane Hospital will bring much needed acute care and emergency services to the rapidly growing Mebane service area, improving healthcare access for eastern Alamance County residents. Moreover, clinically appropriate patients who currently travel to ARMC from Mebane will have the convenience of receiving these services at Cone Health Mebane Hospital. As a result, Cone Health Mebane Hospital will help mitigate inpatient capacity constraints at ARMC, which will effectively increase emergency department throughput and access. This will improve healthcare access and quality of care for patients throughout Alamance County by enhancing services at both the ARMC campus in the west and the Mebane campus in the east.”

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

“In 2024, Cone Health launched The Value-Based Care Institute with the goal of optimizing operations and ensuring transformative healthcare delivery in its communities. This initiative directly supports the proposed project's cost-effectiveness by embedding value-based principles throughout Cone Health's service development and delivery models. The Value-Based Care Institute employs accomplished healthcare builder-operators with extensive experience designing and implementing value-based care strategies across the full spectrum of patient care – from outpatient clinics through acute care and into post-acute settings. By ensuring accurate, meaningful, and actionable quality data, The Value-Based Care Institute helps clinical teams provide more efficient care with better outcomes at lower costs.”

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

Regarding the impact of the proposal on quality, in Section N, page 111, the applicant states:

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

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 112, the applicant states:

“... the development of acute care and emergency services in Mebane will substantially reduce travel time for residents of the service area who currently travel to ARMC for these services. This reduced travel burden is especially significant for medically underserved populations who may face transportation challenges or limited time away from work or family responsibilities. In addition, Cone Health demonstrates a strong institutional commitment to serving all patients regardless of ability to pay. ...Cone Health is a private, not-for-profit organization established to serve the community by providing high quality, affordable, and comprehensive healthcare services to all patients, regardless of their economic status. Cone Health Mebane Hospital will operate as part of Cone Health's integrated delivery system, which has been recognized for its commitment to health equity.”

See also Section L and B 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
- Written comments
- Responses to comments

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

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 111, the applicant states:

“The proposed Duke Novant Mebane Hospital will introduce a much-needed access point for hospital services in Alamance County. In doing so, it will expand patient choice, stimulate competition, and support a more efficient, equitable, and high-quality healthcare environment.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 111, the applicant states:

“While reimbursement rates for hospital services are largely set by government payors and commercial insurers, the cost-effectiveness of healthcare delivery is significantly influenced by how care is provided and where it is accessed. The development of Duke Novant Mebane Hospital enables services to be delivered closer to where patients live, reducing travel burdens and associated expenses for patients and their families. This improved geographic access also supports earlier and more consistent engagement with the healthcare system, which can reduce avoidable complications and downstream costs.

By focusing on high-frequency, community hospital services rather than duplicating complex tertiary or quaternary services already available in the region, Duke Novant Mebane Hospital will operate with a streamlined clinical scope and cost structure. Without the overhead required to support more specialized, high-acuity services, the hospital can efficiently deliver core acute care services at a lower cost. This focused model also allows physicians to practice more efficiently—eliminating delays often encountered at larger hospitals—and improves scheduling flexibility, which contributes to better use of hospital resources and more timely patient care.”

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

Regarding the impact of the proposal on quality, in Section N, page 112, the applicant states:

“Duke Novant Mebane Hospital will adhere to rigorous medical staff credentialing standards, ensuring that all physicians and clinical staff are qualified and appropriately licensed to practice in their areas of expertise. All staff will also be required to participate in continuing education to stay current with the latest medical knowledge and practices. These standards help ensure a consistent level of clinical excellence across all care settings.

Additionally, the hospital will pursue accreditation by The Joint Commission, affirming its commitment to national quality and safety standards.

Finally, the community hospital model of Duke Novant Mebane Hospital supports the delivery of high-frequency services in a focused, patient-friendly environment. Physicians will benefit from a streamlined setting with access to hospitalists, intensivists, and telemedicine specialists, which improves care coordination, reduces inefficiencies, and supports continuity of care, which are key drivers of better clinical outcomes.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 112, the applicant states:

“Duke Novant Mebane Hospital will enhance competition in Alamance County by expanding access to acute care services, particularly for medically underserved populations who face persistent barriers to care. The hospital will ensure that no patient is denied access to services based on income, insurance status, race or ethnicity, age, disability, gender, or any other factor that might classify them as underserved.

Both DUHS and Novant Health have long-standing commitments to health equity and to serving all patients, regardless of their ability to pay. These commitments will be upheld at Duke Novant Mebane Hospital, where policies and practices will reflect a shared philosophy of inclusion, access, and community benefit.”

See also Section L and B 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
- Written comments
- Responses to comments

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-Both Applications

Project ID # G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section Q, page 174, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of eight of this type of facility located in North Carolina.

In Section O, page 114, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care in any of these facilities. According to the files in the Acute and Home Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care did not occur in any 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 its facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID # G-12641-25/Duke Novant Mebane Hospital/Develop a new hospital with 46 acute care beds

In Section Q, pages 154-155, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 30 of this type of facility located in North Carolina.

In Section O, pages 115-116, the applicant states that, during the 18 months immediately preceding the submittal of the application, two of the facilities identified in Form O (Maria Parham Hospital and Wilson Medical Center), both owned/operated by a related entity (Duke LifePoint), had a finding of immediate jeopardy. The applicant states that Maria Parham Hospital was back in compliance as of September 17, 2024, and that Wilson Medical Center was back in compliance as of October 30, 2024.

According to the files in the Acute and Home Care Licensure 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 Maria Parham Hospital and Wilson Medical Center and that each of these facilities is back in compliance.

In Section O, page 116, the applicant states that, during the 18 months immediately preceding the submittal of the application, one of the facilities identified in Form O (Novant Health Pender Medical Center) had a finding of immediate jeopardy. The applicant states that Novant Health Pender Medical Center's hospital-based skilled nursing unit had a finding of immediate jeopardy that was removed by the North Carolina State Survey Agency by May 4, 2024, and validated on May 6, 2024.

Maria Parham Hospital was back in compliance as of September 17, 2024, and Wilson Medical Center was back in compliance as of October 30, 2024. According to the files in the Acute and Home Care Licensure 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 Maria Parham Hospital and Wilson Medical Center and that each of these facilities is back in compliance.

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 the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

C-Both Applications

The applications are conforming with all applicable Criteria and Standards for acute care beds. The specific criteria are discussed below.

10A 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- Cone Health Mebane Hospital. In Section B, page 26, the applicant documents that it is a qualified applicant.

-C- Duke Novant Mebane Hospital. In Section B, page 24, the applicant documents that it is a qualified applicant.

(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- Cone Health Mebane Hospital. The applicant provides projected utilization of the existing, approved and proposed acute care beds for the license of the applicant hospital, which includes ARMC and Cone Health Mebane Hospital, during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

| ARMC Total License Projected Acute Care Bed Utilization | | | |
|--|--------|--------|--------|
| | CY30 | CY31 | CY32 |
| Total # of Beds | 216 | 216 | 216 |
| # of Discharges | 13,136 | 13,649 | 14,100 |
| # of Patient Days | 58,293 | 60,525 | 62,509 |
| Average Daily Census | 160 | 166 | 171 |
| Average Length of Stay | 4.4 | 4.4 | 4.4 |
| Occupancy Rate | 73.9% | 76.8% | 79.3% |

Source: Section C, page 68 and Section Q, Form C.1b, page 119.

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

-C- Duke Novant Mebane Hospital. The applicant does not operate any existing or approved acute care beds in Alamance County. The applicant provided projected utilization of the proposed acute care beds at Duke Novant Mebane Hospital during each of the first three full fiscal years of operation following completion of the project as shown in the table below.

| Duke Novant Mebane Hospital Projected Acute Care Bed Utilization | | | |
|---|------------------------|------------------------|----------------------------|
| | 7/1/2029- 6/30/2030 | 7/1/2030- 6/30/2031 | CY327/1/2031- 6/30/2032 |
| Total # of Beds | 46 | 46 | 46 |
| # of Discharges | 1,140 | 1,917 | 2,628 |
| # of Patient Days | 5,065 | 8,518 | 11,677 |
| Average Length of Stay | 4.4 | 4.4 | 4.4 |
| Occupancy Rate | 30.2% | 50.7% | 69.6% |

Source: Section Q, Form C.1b, page 118.

The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.

(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- **Cone Health Mebane Hospital.** The applicant's projected occupancy rate of the existing, approved and proposed acute care beds for the ARMC facility for the third full fiscal year of operation following completion of the project is 79.3 percent which exceeds the target occupancy percentage of 71.4 percent set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
- C- **Duke Novant Mebane Hospital.** The applicant does not operate any existing or approved acute care beds in Alamance County. The applicant's projected occupancy rate of the proposed acute care beds for Duke Novant Mebane Hospital for the third full fiscal year of operation following completion of the project is 69.6 percent which exceeds the target occupancy percentage of 66.7 percent set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
- (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- **Cone Health Mebane Hospital.** ARMC is the only Cone Health facility in Alamance County, and the proposed Cone Health Mebane Hospital will operate under the existing ARMC license. Therefore, the projected utilization figures for the applicant hospital and the hospital system are the same. In Section Q, Form C.1b, page 119, 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.
- C- **Duke Novant Mebane Hospital.** The applicant does not operate any existing or approved acute care beds in Alamance County. In Section Q, Form C.1b, page 118, the applicant provides projected utilization of the proposed acute care beds at Duke Novant Mebane Hospital during each of the first three full fiscal years of operation following completion of the project as shown in the table below. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (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- **Cone Health Mebane Hospital.** The applicant's projected average occupancy rate of the existing, approved and proposed acute care beds for the ARMC system during the third full fiscal year of operation following completion of the project is 79.3 percent which exceeds the

target occupancy rate of 71.4 percent set forth in 10A NCAC 14C .3803(5)(d). The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **Duke Novant Mebane Hospital.** The applicant does not operate any existing or approved acute care beds in Alamance County. The applicant's projected occupancy rate of the proposed acute care beds for Duke Novant Mebane Hospital for the third full fiscal year of operation following completion of the project is 69.6 percent which exceeds the target occupancy percentage of 66.7 percent set forth in 10A NCAC 14C .3803. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming with this Rule.
- (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- **Cone Health Mebane Hospital.** In Section Q, pages 126-137, the applicant provides the assumptions and methodology used to project 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.
- C- **Duke Novant Mebane Hospital.** In Section Q, pages 122-130, the applicant provides the assumptions and methodology used to project 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.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2025 SMFP, no more than 46 acute care beds may be approved for Alamance County Service Area in this review. Because the two applications in this review collectively propose to develop 92 additional acute care beds, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project I.D #G-12638-25 / **Cone Health Mebane Hospital** / Develop a new hospital with no more than 46 acute care beds pursuant to the 2025 SMFP need determination
- Project I.D. #G-12641-25 / **Duke Health Mebane Hospital** / Develop a new hospital with no more than 46 acute care beds pursuant to the 2025 SMFP need determination

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. Both applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Scope of Services

Generally, the application offering the greater scope of services is the more effective alternative for this comparative factor.

Both applicants propose to develop a 46-bed acute care hospital offering medical and surgical inpatient and outpatient services, emergency services, obstetrical services, imaging, laboratory, pharmacy, and other ancillary services. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Geographic Accessibility (Location within the Service Area)

The following table illustrates where in the service area the existing acute care beds are located.

| Alamance County Service Area Acute Care Beds | |
|--|---------------|
| Facility | Existing Beds |
| Alamance Regional Medical Center | 170 |
| Alamance Service Area Total | 170 |

Source: 2025 SMFP, Table 5A, page 39.

The following table illustrates where in the service area the existing and proposed acute care beds are or will be located.

| Facility | Total Acute Care Beds* | City |
|----------------------------------|------------------------|------------|
| Alamance Regional Medical Center | 170 | Burlington |
| Cone Health Mebane Hospital | 46 | Mebane |
| Duke Novant Mebane Hospital | 46 | Mebane |

*If all requested acute care beds are approved.

Both applications propose to develop 46 acute care beds in Mebane, where there are currently no acute care beds. Therefore, with regard to geographic accessibility, the applications submitted by **Cone Health Mebane Hospital** and **Duke Novant Mebane Hospital** are both equally effective alternatives.

Access by Service Area Residents

The 2025 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 38, shows Alamance County as a single acute care bed service area. Thus, the service area for this review is Alamance County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

| Applicant | Projected Service to Alamance County Residents – 3rd Full FY | | |
|-----------------------------|--|----------------------|----------------------|
| | Total # of Patients | # Alamance Residents | % Alamance Residents |
| Cone Health Mebane Hospital | 3,039 | 2,638 | 86.8% |
| Duke Novant Mebane Hospital | 2,628 | 2,365 | 90.0% |

Sources: Project ID #G-12638-25 Application p.45; Project ID #G-12641-25 Application p.43.

As shown in the table above, **Cone Health Mebane Hospital** projects to serve the highest number of service area residents during the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Cone Health Mebane Hospital** is a more effective alternative.

Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicaid

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for each facility.

| Services to Medicaid Patients 3rd Full FY | | | |
|--|-------------------------------|----------------------------|--|
| | Medicaid Gross Revenue | Total Gross Revenue | Medicaid % of Total Gross Revenue |
| Cone Health Mebane Hospital | \$70,318,828 | \$417,770,396 | 16.8% |
| Duke Novant Mebane Hospital | \$24,602,399 | \$198,363,625 | 12.4% |

Source: Form F.2b for each applicant.

As shown in the table above, **Cone Health Mebane Hospital** projects to serve the highest percentage of Medicaid patients during the third full fiscal year following project completion. Generally, the application projecting to serve a larger percentage of Medicaid patients is the more effective alternative for this comparative factor. Therefore, regarding projected access for Medicaid patients, the application submitted by **Cone Health Mebane Hospital** is a more effective alternative and **Duke Novant Mebane Hospital** is a less effective alternative.

Projected Medicare

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for each facility.

| Services to Medicare Patients 3rd Full FY | | | |
|--|-------------------------------|----------------------------|--|
| | Medicare Gross Revenue | Total Gross Revenue | Medicare % of Total Gross Revenue |
| Cone Health Mebane Hospital | \$210,285,363 | \$417,770,396 | 50.3% |
| Duke Novant Mebane Hospital | \$74,242,842 | \$198,363,625 | 37.4% |

Source: Form F.2b for each applicant.

As shown in the table above, **Cone Health Mebane Hospital** projects to serve the highest percentage of Medicare patients during the third full fiscal year following project completion. Generally, the application projecting to serve a larger percentage of Medicare patients is the more effective alternative for this comparative factor. Therefore, regarding projected access for Medicare patients, the application submitted by **Cone Health Mebane Hospital** is a more effective alternative and **Duke Novant Mebane Hospital** is a less effective alternative.

Competition (Access to a New or Alternate Provider)

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer acute care beds than another provider would also

presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

A of the date of this decision, there are 170 existing and approved beds located at one facility operated by one provider, ARMC, as illustrated in the following table.

| Alamance County Service Area Acute Care Beds | |
|--|---------------|
| Facility | Existing Beds |
| Alamance Regional Medical Center | 170 |
| Alamance Service Area Total | 170 |

Source: 2025 SMFP, Table 5A, page 39.

If **Cone Health Mebane Hospital's** application is approved, ARMC would control all of the 216 existing and approved acute care beds in the Alamance County service area.

Therefore, with regard to patient access to a new or alternative provider, the application submitted by **Duke Novant Mebane Hospital** is a more effective alternative and the application submitted by **Cone Health Mebane Hospital** is the less effective alternative.

Projected Average Net Revenue per Patient Discharge

The following table compares projected average net revenue per discharge in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

| Average Net Revenue Per Patient Discharge for Acute Care Inpatient Services 3rd Full FY | | | |
|--|--------------------|--------------|-----------------------------------|
| Applicant | Total # Discharges | Net Revenue | Average Net Revenue per Discharge |
| Cone Health Mebane Hospital | 3,039 | \$37,850,437 | \$12,455 |
| Duke Novant Mebane Hospital | 2,628 | \$21,021,462 | \$7,999 |

Source: Form C.1b and Form F.2b for each applicant.

Each of the applicants provided Forms C for inpatient services, which is the service component applicable to acute care beds. However, **Duke Novant Mebane Hospital's** pro forma financial statements are not structured the same way as those from **Cone Health Mebane Hospital**. **Duke Novant Mebane Hospital** states that its Form F.2 (Inpatient and Inpatient Emergency Department) reflects revenues exclusive of inpatient surgical and obstetrical services. These services are presented in separate forms. While **Cone Health Mebane Hospital** states revenues for inpatient services include all services provided to patients during their inpatient stay, including emergency, surgery, imaging, pharmacy, laboratory, therapy, and other ancillary services. The differences in presentation of pro forma financial statements make a comparison of similar data impossible. Therefore, the result of the comparison is inconclusive.

Projected Average Operating Expense per Patient Discharge

The following table compares projected average operating expense per discharge in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per patient discharge is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

| Average Operating Expense Per Patient Discharge for Acute Care Inpatient Services | | | |
|--|------------------------------|---------------------------|--|
| 3rd Full FY | | | |
| Applicant | Total # of Discharges | Operating Expenses | Average Operating Expense per Discharge |
| Cone Health Mebane Hospital | 3,039 | \$41,253,215 | \$13,575 |
| Duke Novant Mebane Hospital | 2,628 | \$22,674,509 | \$8,628 |

Source: Form C.1b ; Form F.3b (Cone Health Mebane Hospital) and Form F.3a (Duke Novant Mebane Hospital).

Each of the applicants provided Forms C for inpatient services, which is the service component applicable to acute care beds. However, **Duke Novant Mebane Hospital's** pro forma financial statements are not structured the same way as those from **Cone Health Mebane Hospital**. **Duke Novant Mebane Hospital** states that its Form F.2 (Inpatient and Inpatient Emergency Department) reflects expenses exclusive of inpatient surgical and obstetrical services. These services are presented in separate forms. While **Cone Health Mebane Hospital** states expenses for inpatient services include all services provided to patients during their inpatient stay, including emergency, surgery, imaging, pharmacy, laboratory, therapy, and other ancillary services. The differences in presentation of pro forma financial statements make a comparison of similar data impossible. Therefore, the result of the comparison is inconclusive.

Summary

The following table lists the comparative factors and indicates whether each application was more effective, less effective or equally effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

| Comparative Factor | Cone Health Mebane Hospital | Duke Novant Mebane Hospital |
|---|------------------------------------|------------------------------------|
| Conformity with Statutory and Regulatory Review Criteria | Equally Effective | Equally Effective |
| Scope of Services | Equally Effective | Equally Effective |
| Geographic Accessibility (Location within the Service Area) | Equally Effective | Equally Effective |
| Access by Service Area Residents | More Effective | Less Effective |
| Access by Medicaid Patients | More Effective | Less Effective |
| Access by Medicare Patients | More Effective | Less Effective |
| Competition (Access to a New or Alternate Provider) | Less Effective | More Effective |
| Projected Average Net Revenue per Patient Discharge | Inconclusive | Inconclusive |
| Projected Average Operating Expense per Patient Discharge | Inconclusive | Inconclusive |

Both applications are conforming to all applicable statutory and regulatory review criteria, and thus both applications are approvable standing alone. However, collectively they propose a total of 92

acute care beds, but the need determination is for only 46 acute care beds. Therefore, only 46 acute care beds can be approved.

As shown in the table above, **Cone Health Mebane Hospital** was determined to be a more effective alternative for the following comparative factors:

- Access by Service Area Residents
- Access by Medicaid Patients
- Access by Medicare Patients

As shown in the table above, **Duke Novant Mebane Hospital** was determined to be a more effective alternative for the following comparative factor:

- Competition (Access to a New or Alternate Provider)

DECISION

Each application is individually conforming to the need determination in the 2025 SMFP for 46 acute care beds in the Alamance County service area as well as individually conforming to all review criteria. However, G.S. 131E-183(a)(1) states that the need determination in the 2025 SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- **Project I.D. #G-12638-25/Cone Health Mebane Hospital/Develop a new hospital with 46 acute care beds**

And the following application is denied:

- **Project I.D. #G-12641-25/Duke Novant Mebane Hospital /Develop a new hospital with 46 acute care beds**

Project I.D. #G-12638-25/Cone Health Mebane Hospital is approved subject to the following conditions.

- 1. Alamance Regional Medical Center, Inc. shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop no more than 46 acute care beds at Cone Health Mebane Hospital pursuant to the need determination in the 2025 SMFP.**
- 3. Upon completion of the project, Alamance Regional Medical Center shall be licensed for no more than 216 acute care beds.**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on February 1, 2026.**
- 5. The certificate holder shall execute or commit to a contract for design services for the project no later than four years following the issuance of this certificate of need.**

- 6. 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.**
- 7. 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.**
- 8. The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**
- 9. 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.**